

Record review

Songs of praise

by RONALD CRICHTON

Elgar. The Dream of Gerontius. LP and Allis Chorus/Bout. HMV Angel SLS 987, 2 records, in box. £6.60.

Mendelssohn. Symphonies 1 and 2 (Lobgesang). Muth. Reimann. HMV/Deutsche Oper Chorus/BPO/Karajan. DG 3707.

Mendelssohn. Symphony 3 (Scottish). HMV ASD 3194, £3.20.

Mendelssohn. Overture "Calm Sea and Prosperous Voyage". NPO/Muti. HMV ASD 3194, £3.20.

Martin. Polyphonic Ballade for Ballade for flute, string orchestra and percussion. Muth. Naxos/Muth. HMV ASD 3194, £3.20.

We have waited long for Sir Adrian Boult to follow in the steps of the two knights, Elgar and Barbirolli, with a recording of Gerontius. Meanwhile there has been Britten's urgent, illuminating reading on Decca with a Gerontius of exceptional insight. The new HMV Angel set from EMI is a strong contender. Boult at 86 brings unrivalled experience to the heard Elgar conduct the work several times, and knows that the interpretation did not harden into routine, and his love for the score is laced with an objectivity that enables him to see it freshly. Some of his reading is slow, not one feels because the conductor is tired but because he wants it that way: there is no lack of decision when he moves the music on.

The Gerontius in this performance is not a Gadda, an enterprising, over-enthusiastic, who deserves a medal for learning, and learning thoroughly, a work like this at a point in his career when most star tenors have long since faded. Gadda's English is good, only a certain stiffness in the arduous writing of part 2 ("I would have nothing but to speak with thee" etc.) betrays him, together with a recurrent difficulty with "I would have nothing but to speak with thee" etc. These details might escape notice in a live performance. The gramophone picks them up mercilessly.

The weakest part of the performance (and of the work, perhaps) is the dialogue of the soul with the Angel—Britten manages this scene more expeditiously. But the cool, utterly

un-fruitful Angel of Helen Watts quite avoids the suspicion of a long large paragraph can remove the taint of too-muchness from the final pages. Robert Lloyd, the splendid voice striding through the texture like a bass, is equally impressive as Priest and Angel of the Agony. The semi-chorus are notably well done by the John Aldis Choir. Anyone buying a first Gerontius should bear both the Decca and this new set, to make the choice between Britten and Boult, Pears and Gadda, LSO and NPO. Incidentally, the Sargent recording of 1945 with Heddie Nash has been re-issued.

The sound of the Berlin Philharmonic under Karajan is so bewitching that one immediately and ungenerously wonders if Mendelssohn's "First" Symphony (C minor, op. 11) can stand up to Karajan's. The wonderer's phenomenal ability to write for the orchestra was already at the age of 15 fully developed. In any case, though published as "No. 1,"

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this was in fact the successor to twelve earlier symphonies. No. 2, the Hymn of Praise or the Hymn of Praise, is a work with a long history in the orchestra was already at the age of 15 fully developed. In any case, though published as "No. 1,"

The choral part was a success in Victorian England from the first performance at Birmingham Town Hall soon after the work's premiere in 1840 at the Leipzig Thomaskirche. The duet "I waited for the Lord" can still charm, especially with Edith Mather as a radiant first soprano. The "Watchman" episode shows how Victorians could enjoy sentimental drama, dramatic, in a respectable oratorio guise. But much of the choral writing, expert though it is, now sounds tired. The sopranos of the Deutscher Oper Berlin spread their tone in a way one could accept in a live performance of say, Lohengrin, but not enjoyable on disc. Since the New Philharmonic Chorus in the Sawallisch recording for Philips

were also below form, one wonders if the reason isn't simply that singers to-day find the music tedious. Note that these two records, here issued on their own, may also be obtained as part of a complete set of the five symphonies.

Muti and the New Philharmonic Orchestra do well by the "Scottish." Few conductors succeed in making one feel the slow movement does not turn pasty before the end and Muti is not one of the exceptions, but the stirring scherzo is as usual delightful, especially when the horns have a go at the tune, those same horns are splendid in the end of the finale, baying away like Monarchs of the Glen. But the main attraction is the overture, Calm Sea and Prosperous Voyage, once popular (Elgar quoted from it in the Enigma Variations) now half-forgotten. It is based on two short poems of Goethe, set earlier by Beethoven as a cantata. The English title is a happy mistranslation: it should be something like "Unwelcome calm and welcome breeze," both poem and music belonging to the age of sail (Tovey's note on the work is well worth looking up). The twin sea-pieces, which most interestingly anticipate Britten's Billy Budd scoring with whistling piccolos, are admirably done, excellent recording.

The Swiss Frank Martin was a composer of limited range but genuine talent, faithful to his chosen style, sober, economical, elegant, to the end of a long career. His Polyphonic Ballade for flute, string orchestra and percussion made an immediate impression when Muthin first played it in London a few years ago and makes one again in this recording by the original interpreter with his own orchestra and the Zurich band for which Martin wrote. Though Polyphonic was sparked off by a series of Siamese panels of scenes from the Passion, this is not pictorial music, rather a sequence of meditations in which the solo violin is used in various guises, as the voice (or thought) of Jesus, as Judas, and in the final "Image of Glorification" simply as the principal voice uniting the two orchestras.

The language is Martin's accurate, slightly very distant. There is a feeling of means perfectly adjusted to ends. Muthin responds with alacrity to the restrained eloquence of the solo part. Traces of insecurity in the bowing arm if anything add to the speaking quality of his tone. He is heard again in the same composer's Ballade for solo, wind and percussion (with the favourite Martin combination of harp and harpsichord), but apart from the scherzo section this is less compelling than the first. The Polyphonic or the other Ballade for flute (Aurèle Nicolet), string orchestra and piano. Edmond de Stoutz conducts the Zurichers in the Flute Ballade, and both orchestras in Polyphonic. Michael Dobson is in charge of the Muthin Festival Orchestra for the Viola Ballade.

Letter from Munich

New Philharmonia

by GILLIAN WIDDICOMBE

Touring, with a large orchestra, is a quixotic undertaking. So much depends on the acoustics of each hall; on the stamina of players and conductor (they may have been travelling since six in the morning); and on the economic expediency of the schedule, which probably involves hopping from one city to another, with no time for rehearsal. If one travels with them, one sees and hears so many degrees of on-and-off playing that it becomes impossible to make a detached rating of any specific occasion: the shuffling of problems and possibilities is too fascinating. Why were the woodwind out of tune? Which string section played behind the beat too often? Why did the brass play better for the conductor who avoided subdivisions? The orchestra begins to resemble a Bosch panel, and the art of performance becomes a nightmare of organisation. A single concert, in an important city may be less fair, but it gives a more realistic impression.

In Munich last week I heard the New Philharmonia with their principal conductor Riccardo Muti. They were nearing the end of a gruelling tour of Germany and Austria; an official tour, in that it was sponsored by the British Council. Actually the Munich concert, in the rather shabby acoustics of the Kongress-Saal in the Deutsche Museum, was part of a cycle of European concerts promoted there by Winderstein, but was backed up by EORTC, the European organisation raising money for cancer research.

It was a gala concert in an abandoned setting, if you know what I mean. The NPO were in remarkably good form. The hall was too reverberant (the orchestra set on a raised platform, so that one heard the sound only after it had travelled round a high ceiling and monstrous sea-green organ) for the kind of close-up inspection to which we are accustomed in London. For example, one heard too little from the woodwind on the (10) seat where I was sitting. But two things were clear. That working intensely with Muti suits the NPO—his ideas were clearly projected, in terms of phrase shaping and tonal coloration. And that they were making a more distinguished sound, section by section, than a couple of years ago. That sound was neither brilliant and edgy nor honey-rich and glowing; rather it was clear, firm, a pleasant, malleable sound.

A popular programme. First Muti conducted Mozart's little C major symphony, No. 34. Of the three movements, the opening Allegro was the most delicately done, with supple, cordial phrasing throughout the ensemble. The Andante began attractively, then lacked variation: the finale was like a balloon, bobbing around. But the sprightliness of Mozart's violin writing had evidently served Muti and the NPO's leader Carl Pini as good rich material throughout the tour, for the next item was a dexterous performance of the Four Sea Interludes from Peter Grimes, opening with

A chiche, maybe, to remark that Muti's approach to the Grimes interludes was lyrical, expansive. "Italian-sounding." However, the language was more that of Respighi than Purcell, for the performance had plenty of speed and colour, and relatively little reminiscent lingering. I have a fairly obvious theory that those who grow up with the whole opera regard the first three interludes as sections of relief and understatement: whereas those who approach them as purely orchestral sequences, develop, like Muti, a more flamboyant interpretation. The hall's acoustics muffled the finesse of Britten's dynamic gradings, but the first three interludes contained much silky string playing, and lively wind articulation. Muti took the storm very fast (Britten's marking is fast); I thought it lost impact, like a whirlwind with indigestion. The percussion section seemed to imagine that they were bashing out top-warrior's not church bells on Sunday morning. They and a slushy bassoon problem, were probably mishaps endemic in touring.

Finally, Chalkovsky's Fifth. Muti avoided Germanic conventions—sombre phrases, and ponderous rhythm—in favour of a plastic reading, with interesting timing and little, secure string playing. Winderstein said the score was a little bland. But that may have been peculiar to where I was sitting. Verdi's overture from La forza del destino was played as a glossy encore.

Earl's Court

Rolling Stones

by ANTONY THORNCROFT

As you leave the Rolling Stones' concert there, huddled among the rubbish, is the squatting queue for the few available tickets for the next night's performance. Well it is worth the wait, the money, all the fuss. In fact to an amazing degree the Rolling Stones' concerts at Earl's Court which end to-night, justify much of the boo-bah. There is no reason to disagree with their own view that they are "the greatest rock 'n' roll band in the world." The Stones have tremendous style, and their class and confidence shows itself in the money they are lavishing on their performance. It is all quite an experience.

The problem is, of course, the sound. The unbearable cavern of Earl's Court distorts the music so that it's about as clear as the record player at a basement party in the next street, and since Mick Jagger's voice tends naturally towards the raucous, anyone sensitive to melody should stay away. For the first 40 minutes the nastiness of the amplification, plus the mediocre songs from the new Stones' album which are rather boringly presented, make the concert a potential bore.

Then suddenly it all comes alive as Jagger rubs up against

new guitarist Ronnie Wood and acoustic occasion but there is they are into "Star, Star." A Mick Jagger, the Jumping Jack Flash himself, just the same, pops up on the stage to lift or rather more outrageous. It's Jagger into the air, and for the next hour and more the Rolling Stones demonstrate their superiority with their tough sardonic hits, songs like "You can't always get what you want," "Tumbling Dice," and "Brown Sugar."

Not only does the guitar work of Keith Richards hold the memories together but Jagger himself starts to work. The pages of his time-worn philosophy of despair and pessimism. The show, long at well over two and a half hours, was held together by the deep brown timbre of his voice and the black exorcism he brings to most of his work.

Nearly all the material was well known and at times the musical balance was patchy but he has the presence to carry it off. Plus, though, that his image is so firmly stuck that the very good rock numbers fail to sway a determinedly introspective audience.

His awareness of all that is shabby in his fellow man, rammed home relentlessly and we are ready to be made aware. However, I am glad I do not have to live with it all the time.

STUART ALEXANDER

voy Hotel

Patachou

by B. A. YOUNG

I could find my copy of Patachou's new LP, "Women I might light on a stage apt to Patachou, curiously providing the cabaret at Savoy for the French have a say for a weakening in the instance of the 19th-century fallen for Anglo-Saxon insistence on a as an essential quality. Indeed, when I was in French boys traditionally their first affair with a woman, whose husband no doubt consoling himself a younger one.

Patachou's age is her own, but under her silver hair she is the very embodiment of youth. She wears a deep blue dress that is a dress as far as the waist and turns into a skirt thereafter; there is no line of limbs, just a lissom line, a repertoire of gesture intimate and half stately, songs are of a "What I've been," she sings English, "I've been in love with you," and to reassure us, ver in love with anyone but in French she is a little direct, explaining how routes emme de mon mari were in only because they were her. She also sings in the clouds, "demonstrating once more how indecipherable it is, membership Patachou's reputation, I wore my oldest tie, a grey Terylene job that cost

me 70p at a supermarket in Swindon; but isolated on the Savoy's raised dance-floor she has no chance to indulge in her whim of snipping off the ends of gentlemen's neckwear. So dignified a figure hardly seems capable of such a caprice. For Patachou the carrots are nowhere near cooked yet, and if you want to know the significance of that phrase you should go and see her.

Sadler's Wells Theatre

The Royal Ballet

by CLEMENT CRISP

The Royal Ballet's touring section is at the company's ancestral home until mid-June, and I suppose that no further recommendation is needed. Certainly, Tuesday's opening programme of the season found the dancers well able to cope with a wide range of styles: tender in *La Fete Etrangere*, sleekly assured in Christopher Bruce's modernism for *Unfamiliar Playground*, and dramatic in *Checkmate*.

Of these three works, *Fete* is still the most difficult. The sudden gusts of intuition and regret that blow through its winter setting must pierce the innocent charm of the young people at that mysterious party

to tell of the first unhappiness in life, and yet not destroy the dreamlike atmosphere established by the Fauré music and the Fedorovich setting. Tuesday's performance, with David Morse as the boy and Margaret Barbiere as the bride, did well: we could feel the darkening of emotions as the winter day ends.

Unfamiliar Playground succeeds despite its score, a yardage of electronic wall-paper that extends Christopher Bruce's choreographic inventions to unnecessary lengths. But the company performances, with the dancers leaping and curving through Nadine Baylis' setting, is fine, exceptionally so in the case

of June Highwood. Her contemplative solo, with its contractions and bold sweep of limbs, reveals her as a dancer wonderfully endowed for modern movement.

The presentation of *Checkmate* also had much to commend it. The ballet itself is well made—both in its parts and in its overall momentum—and Stephen Jeffries and Marina Gielgud are physically and emotionally excellent cast as the Red Knight and the Black Queen. The conflict of chivalry and relentless evil still compels attention, and after almost 40 years its comment upon an international struggle is still tragically relevant.

rent Garden

I Lombardi

by RONALD CRICHTON

di's *I Lombardi alla prima crociata* came in 1843, after co, before Ernani. Until lay it had never been seen rent Garden, though Verdi's *Opera* gave it in 1956 gain six years later. There a complete recording not ago. This production has borrowed from the State at Budapest—same production, same design, same costumes, same orchestra, same chorus, and Lamberto still as conductor.

It sounds a risky way of doing known opera, even one by Verdi. In the event it has come off well—an enjoyable evening warmly received, with an once obviously happy from usually early stage. The is an early-Verdi mix of ges of burning energy, strokes of imaginative cr, crudities, banalities, music from the town a grand melodic flight, led together in quick, being, delightful profusion. things are bad, nothing is



Ezio di Cesare, Nicola Ghiuselev and Sylvia Sass

death. The brothers are finally reconciled at the gates of Jerusalem. The designer uses a ramp and a cyclorama with projecting panels on which are thrown projections of various forms of pictorial art. The projections succeed one another a little too rapidly in the early scenes, implying more changes of place than there are, and resembling a

crash course of the best collected books, but when the bare skeletons the general effect is pleasing, with warm colours like russets and blueish grey. Nothing very original or specially illuminating to the obscure action, but infinitely preferable to the company's last shot at early Verdi, the Nabucco of dismal memory.

The cast includes a number of house debuts. First, and not only because she belongs to the original production, must come Sylvia Sass, who sang a distinguished Desdemona for Scottish Opera last year. She made a great effect last night with her fine-toned and soft, pure high notes. She has brilliance as well for the Polacca in the last act, and staying power for a long, arduous part. We shall no doubt hear much more of her. Another notable newcomer is the Bulgarian bass, Nicola Ghiuselev, singing the wicked brother Pagano with the fine-grained, steady tone of a

real basso cantante. Both Miss Sass and Ghiuselev are handsome and good movers. There are two important tenor roles. Arvino, written for a coming prima, is the longer but less rewarding. Ezio di Cesare, another house debutant, did well by him. Oronzio Gisella's lover, was sung by José Carreras in admirable form. Michael Langdon, Robert Lloyd and Elizabeth Connell (also first, but I am sure not last, time at Covent Garden) are among those in smaller roles. Much of the success was due to the unobtrusive excellence of Gardelli's conducting: he is adept at keeping the temperature high without wearing the ear or letting the banda music become tiresome. Chorus (some splendid in the last act, and staying power for a long, arduous part. We shall no doubt hear much more of her. Another notable newcomer is the Bulgarian bass, Nicola Ghiuselev, singing the wicked brother Pagano with the fine-grained, steady tone of a

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DIVIDEND PAYMENT

The Annual General Meeting in Luxembourg on May 11, 1976, it was resolved that a dividend of US\$0.44 per share be payable for the year ended December 31, 1975. In respect of arer Shares, the dividend will be payable from May 31, 1976 at any one of the offices of the company's paying agents surrender of Coupon No. 4.

THE U.S. PRIMARIES

Humphrey, Carter and the delegate game

From JUREK MARTIN, U.S. Editor

SENATOR Hubert Humphrey was who said: "If nominated I will be 65 tomorrow. Far from retiring, he is charging round the country, acting for all the world like the Presidential candidate he still maintains he is not. Last night he was on television again in Washington, just an hour or so before the primaries became known. Paraphrasing his argument ran something like this:




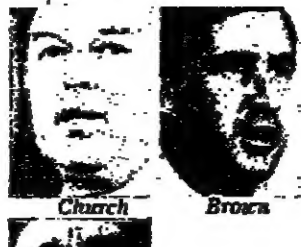
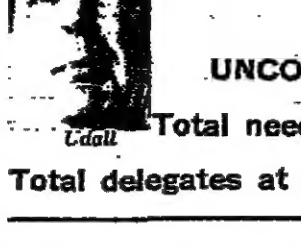
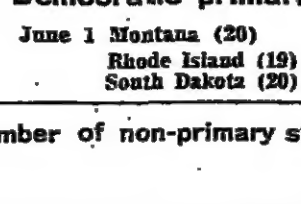
Of course the most important thing is to put a Democrat in the White House and I will support whoever is the nominee and he will probably come out of the primaries. But you must not forget that the Convention is very important, that is where matters have to be settled, as they should be. And please remember that a lot of the delegates who will go there are only bound to their candidates for one round of balloting only. I will take a lie detector test to prove that I have not been in collusion with anybody else to stop Carter getting the nomination. But Governor Brown now has to be taken very seriously and Senator Church is a very fine chap and a good candidate, and so is Udall and of course its nonsense to say that if the Democrats do not choose Carter we will lose the South. Ted Kennedy did tell me that he thought I ought to have entered the New Jersey primary, but no, we have not talked about the election really at all, though he is coming out to my birthday celebrations in Minnesota this week. But if Jimmy Carter is the nominee, then you can bet he will carry the State of Minnesota.

Senator Humphrey is as garrulous, as ambiguous, and probably as ambitious as ever. Senator Kennedy, too, has begun dropping his spin-like mask of silence when it comes to talking about electoral politics in 1976. Some observers feel that his denials of last week's New York Daily News story that he would accept a genuine convention draft for the nomination or would serve as running mate this year, but only on a ticket headed by Senator Humphrey, have been appreciably less than Sherman's (General Sherman it

shall not run; if elected I shall not serve.")

On top of that he has expressed the view that if Jimmy Carter goes to Madison Square Garden with 1,000 delegates pledged to him and is denied the nomination then whoever inherits it might find it worth little. But attention is focused not on the sentiment, but on the numbers that he mentioned, for what the Democratic race has come down to now is a numbers game.

A couple of months ago Senator Humphrey said that anybody who went to the convention with 1,000 delegates probably ought to get the prize. The original Carter calculation was that 1,000 was probably the desired minimum and that the rest would fall into line. Later, Mr. Humphrey upped his calculation to 1,200. Now Senator Kennedy has added another 100; so, come to that, has Mr. Carter, who has started talking about a 200,000 vote lead but has done remarkably well. He has competed in three primaries and won them all (Nebraska, Idaho and Oregon). He thinks he has a chance in Montana and Rhode Island next week and talks optimistically of Ohio. But even with an unblemished record of success, Senator Church has picked up the princely sum of 50 delegates: his two primary successes yesterday netted him just 30, less than a quarter of the 138 taken by Mr. Carter. It is very nice to win primaries, but it is hard to see a national candidacy dramatically emerging from the likes of such small states as Idaho, Nebraska, Oregon, Montana (all from the north and mid-west, Mr. Church's home), and Rhode Island. Since it was said of Jimmy Carter that he had to prove himself outside his Southern base in the more

U.S. PRIMARIES: THE RACE FOR DELEGATES			
Republican Delegates Committed		Democratic Delegates Committed	
	Gerald Ford 794		Jimmy Carter 881
	Ronald Reagan 640		Morris Udall 297
			Henry Jackson 237
			George Wallace 163
			Frank Church 50
			Jerry Brown 17
UNCOMMITTED 129		OTHERS 578	
Total needed to win 1,130		Total needed to win 1,505	
Total delegates at convention 2,259		Total delegates at convention 3,009	
Republican primaries to come			
June 1: Montana (17)	June 8: California (280)	June 1: Montana (20)	June 8: California (167)
Rhode Island (22)	New Jersey (108)	Rhode Island (19)	New Jersey (97)
South Dakota (17)	Ohio (132)	South Dakota (20)	Ohio (87)
Democratic primaries to come			
Also delegate selection processes in small number of non-primary states still not complete			
SOURCE UPI			

populous north-west then it must be said of Mr. Church that he has to make a mark elsewhere. The same problem bedevils Governor Jerry Brown from California, whose two primary successes (Maryland and Nevada) and highly respectable performance of third place as a write-in (not on the official ballot) candidate in Oregon have gained him a meagre 17 delegates. It is arguable, of course, that the Oregon result, even though it doubled the pre-polls best vote ever achieved by a write-in candidate, was in reality a disappointment. Mr. Brown is unquestionably an authentic political phenomenon gifted with certain mystic qualities. That mysticism, it could be said, should transcend technical problems like not being on the official ballot.

Mr. Brown will probably win in California and pick up perhaps as many as 180 delegates there. He may win in Ohio, and New Jersey. Messrs. Church, Brown and Udall are going to start crowding each other, which they have largely avoided doing so far, with the exception of the Oregon contest. There is also food for thought

Udall, who had a dry day yesterday. Collectively their total will not approach that of Governor Carter's. Moreover, in the three big states ahead (California, Ohio and New Jersey) Messrs. Church, Brown and Udall are going to start crowding each other, which they have largely avoided doing so far, with the exception of the Oregon contest. There is also food for thought

for the Democratic party, as it endeavours to resolve its many doubts about Jimmy Carter, in the Georgian's performance yesterday. It is not merely that he won many more delegates than his opponents yesterday but that his victories in the border states of Arkansas, Kentucky and Tennessee, even against such entrenched opposition as Governor Wallace and Mo Udall could muster, attracted a substantial popular vote.

In Arkansas he polled alone ten times as many votes as Mr. Ford and Mr. Reagan put together, and in both Kentucky and Tennessee he outstripped the combined Republican turnout, which is a powerful show of strength in a part of the country which the Democrats know they must carry in November.

The Carter camp now claims to have as many as 1,000 delegates under its belt, though the hard head count based on those actually winning, including uncommitted delegates who have expressed private support to Mr. Carter, is less than that. On June 8, 540 delegates will be at stake in California, New Jersey and Ohio. It is conceivable now that the Carter campaign has lost a measurable degree of momentum, that he will not take the majority of them, especially with Governor Brown so far ahead in California. But it is hard to see him doing less than 200 (the margin, incidentally, by which the principal beneficiary of the problems of Congressman Wayne Hays, of Ohio, who was running as a favourite son in six Ohio districts). Which means that when the primaries and caucuses are over and done with, his delegate tally will be somewhere in the 1,200 region.

And then what? Will those extra 300 be that hard to woo? What will happen in Georgia when the little nest egg of some 180 delegates, most of them southerners, whose guiding light has been extinguished? Or Senator Jackson's 230 odd, many of them Jewish and nervous of Carter, but many of them conservative Democrats who see the Georgian as ideologically acceptable? Will Mr. Jackson simply deliver them to his old friend, Senator Humphrey, or have he, as recent tales of his discontent with

the happy warrior a grain of truth in them? These are the questions which could all the 3,000 plus delegates who are already going to the Convention pledged to no candidate and he is being assiduously courted all and sundry.

Indeed, the great question around whom could all the Carter delegates coalesce? For example, Mr. Udall's liberal supporters easily fall bed with Mr. Humphrey, as being as many of them as great bitterness not only support of the Vietnam war, also his ruthless attempt to deny George McGovern nomination? Could Mr. Carter and Mr. Humphrey do a deal? It has been said, and would not be too apparent an irony contradiction in the space of the new politics, clashing with the epitome of the old Senator Church continue to well in the few primaries remain or Governor Brown come to that - that he and appears as the fresh face that the party is looking for. Mr. Carter's grin has been at the edge. And all what would happen if Kennedy, unable to tolerate Carter's White House, desert from his Cape Cod fortress Madison Square Garden and claimed "Take me, I'm with Governor Brown so far ahead in California. But it is hard to see him doing less than 200 (the margin, incidentally, by which the principal beneficiary of the problems of Congressman Wayne Hays, of Ohio, who was running as a favourite son in six Ohio districts). Which means that when the primaries and caucuses are over and done with, his delegate tally will be somewhere in the 1,200 region.

OTHER AMERICAN NEWS

Mexican terrorists seize schoolgirl

MEXICO CITY, May 26. FIVE SUSPECTED members of Mexico's most notorious terrorist group reportedly are demanding \$400,000 for the release of the Belgian ambassador's 16-year-old daughter who was kidnapped on the way to school.

Nadine Chaval was pulled from the Belgian Embassy's chauffeur-driven car after the American-made car blocked the vehicle's path at a quiet street corner in Coyoacan, a southern suburb of Mexico City.

A woman and a man jumped from the car and overpowered Miss Chaval's chauffeur. Three other men, who had been tinkering with a white Japanese car across the street, dragged the girl out of the car, put a gun to her head and pushed her into their own car.

Police said it was believed the kidnapers were members of the September 23 Communist League, which has carried out a wave of murders, bank robberies and abductions in recent years.

Belgian Ambassador Andre Chaval was reported to be suffering from nervous shock and his wife appealed to the kidnapers to contact them.

Police would not comment on newspaper reports that the group held three kidnap notes in the embassy car, including the ransom demand for \$400,000. Mrs. Chaval denied it.

The September 23 group was responsible for the 1974 kidnapping of President Luis Echeverria's 83-year-old father-in-law, Sr. Jose Guadalupe Zuno Hernandez. Sr. Zuno Hernandez was freed unharmed after the Government refused to negotiate with his abductors.

UPI

Canadian Cabinet plumps for middle-of-road budget

BY VICTOR MACKIE

FINANCE Minister Donald Macdonald has brought down a middle-of-the-road budget, emphasising neither restraint nor expansionary policies, as Canada battles strong inflationary pressures and faces the highest unemployment since 1961.

With the Government facing declining popularity, the budget - Mr. Macdonald's first since assuming the portfolio in September - contained no major increases or cuts in personal income tax and no new initiatives to stimulate employment.

The Minister said that he expects real growth of the economy in 1976 to be around 5 per cent, inflation to be a year-on-year rate of 8 per cent, and the last quarter and unemployment to remain above 7 per cent.

Mr. Macdonald moved to plug loopholes in the Government's controls programme with new rules limiting company profits. But he also eased restraints on a number of companies and it is expected that the overall effect of anti-inflation programme changes on price levels will be minimal.

Wage controls were left unchanged. As of a July date yet to be named, processing, manufacturing and other non-distributing companies will no longer be able to raise prices solely on the basis of increased costs. Nor will they be able to avoid restraints by averaging high profits on one product line with lower ones on another.

From today all companies will be limited by law to annual profits equal to 85 per cent - down from an original 95 per cent - announced last October - of those of previous years.

Mr. Macdonald softened the new order by saying that companies no longer have to base their profits on average levels

during the five years ending last October 14. Now they will be able to use either the five year average or 1975 as a base, whichever period produced the highest profit.

He added that companies whose profit margins are "too low" no matter which period is used, will be permitted to earn an unspecified minimum profit which will be revealed in new regulations to be issued by the Anti-Inflation Board.

The effect of the moves will be to restrict profit levels for companies that have used techniques of increased costs and mixtures of product-line profits to circumvent price restraints. The changes will also ease conditions for companies forced by original regulations to hold profits down to abnormally low levels based on five year average profit levels.

In his budget Mr. Macdonald supported the Government's drive to conserve energy with new tax measures making it

cheaper to buy energy saving equipment and more costly to buy heavy cars. He also provided companies and individuals with incentives to join the hunt for more energy reserves.

Conscious of public criticism over the exploitation by some of the Government's unemployment insurance programme, the Minister proposed tighter rules including a qualifying work period of twelve weeks instead of the current eight weeks. Some tax breaks provided for corporations, especially small businesses, and the current freeze on corporate dividends will end in October.

There are minor changes in personal income tax, including doubled allowances for child care costs and increases for tax free retirement investment. Current tariff cuts are extended another year on imports of drugs.

The Government's sugar, some fresh vegetables and newly applied temporarily on fresh pork, ham and macaroni.

Airport tax loophole shut

BY OUR OWN CORRESPONDENT

OTTAWA, May 26.

INTERNATIONAL air travellers, have to bear the tax. Finance officials said that the method of collecting the tax will port tax, will now have to pay under Budget changes announced by Finance Minister Donald Macdonald. The Minister noted that about 2.5m. international air passengers annually using Canadian Government's air transport to pay the tax.

The tax - 8 per cent of the ticket price up to a maximum of \$5 - has applied only to tickets bought domestically. But this ignores 44 per cent of the international air travellers using domestic airports, the Minister said. Round trip tickets purchased outside Canada for flights to Canadian centres will now

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VW plant decision 'next month'

OTTAWA, May 26.

Volkswagenwerk is likely to make a decision within the next month on where it will locate its planned U.S. assembly plant, AP-DI reports from Wolfsburg, W. Germany. A company spokesman noted that management Board chairman Toni Schmuecker, in announcing on April 23 that the supervisory Board had approved the U.S. project, said that it might take as long as two months before a site was selected.

The spokesman said that negotiations continue with officials in candidate cities and that "everything is still open." However, the company is understood to have tentatively shortened the candidate list to Brook Park, Ohio, near Cleveland, and New Stanton, Pennsylvania. Columbus, Ohio, reportedly is not considered to have a strong chance to win the sought-after project.

The selection announcement will be made simultaneously in the U.S. and Germany, the spokesman said.

Talks on Belize

Guatemalan Foreign Minister Adolfo Nolasca said yesterday that the next round of talks with Britain on the future of the disputed Caribbean self-governing colony of Belize would take place in July or August. Reuter reports from Guatemala City. He told reporters that the previous talks, held last month in New Orleans, Louisiana, had taken place in a conciliatory atmosphere. But he gave no details of any areas of agreement. The two countries have been holding talks for just over a year about the colony over which Guatemala has claimed sovereignty.

Chileans freed

The Chilean military government said on Tuesday that 306 political prisoners would be granted immediate freedom, raising the total number of detainees released this month to 304. UDI reports from Santiago. The announcement came 11 days before the start of the General Assembly of the Organization of American States in Santiago on June 4.

Lockheed prepares financial plan after Orion setback

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

WASHINGTON, May 26.

LOCKHEED Aircraft Corporation is preparing a new financial forecast in the light of the recent Canadian Government decision to postpone any procurement of the Orion anti-submarine aircraft. The company hopes that the forecast will convince its 24 lending banks to continue with their preparations for refinancing the company.

Mr. Robert Haack, chairman and chief executive of Lockheed, told me that he hoped that this new financial plan would be ready within the next two to three weeks.

Referring to the recent Canadian Government decision to defer a purchase of up to \$850m. worth of Orion aircraft, Mr. Haack admitted that this had been a severe blow. "But it has not been a catastrophe," he said. "We are proceeding to discuss the matter and we remain modestly hopeful that we can still reach some agreement with the Canadians."

Mr. Haack said he was hopeful of holding a "20 holders' meeting in August, which plans for the re-organisation of the company's capital structure would be sought. "We are working on it, and are confident that we will set up with a viable plan by June," he said.

Commenting on the company's future programmes in the field, Mr. Haack said that the emphasis was on the TriStar, which plans for the re-organisation of the company's capital structure would be sought. "We are working on it, and are confident that we will set up with a viable plan by June," he said.

In the longer term, three years had been laid at various Lockheed models, including a new engine version, but so far no conclusion had been reached. The long-term model 500 made most economic sense, reflecting patterns of improved economic conditions here, and virtual stagnation of exports, as the rest of the world emerged more slowly from the recession.

The first quarter of this year other imports tentatively suggested that American consumption had been marked by a sharp drop in imports, reflecting patterns of improved economic conditions here, and virtual stagnation of exports, as the rest of the world emerged more slowly from the recession.

In April, however, exports rose by 4.9 per cent to \$2.9bn. over the previous month. The strong export sectors were corn, which oil plays a significant part in.

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AIRCRAFT	UD11	UD11	UD11	UD11	B707	UD11	UD11	UD11	UD11
LONDON	0105	0105	0105	0105	0105	0105	0105	0105	0105
PARIS			0110				0110		
ROME		0120		0120			0120		
JEDDAH	0125	0125	0125	0125	0125	0125	0125	0125	0125
RIYADH	0130	0130	0130	0130	0130	0130	0130	0130	0130
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Nkomo in Moscow for week of talks

Rhodesian nationalist leader Joshua Nkomo has arrived in Moscow for a week's official visit, it was announced in London yesterday. He will be discussing the political situation in Rhodesia and Southern Africa with Soviet officials. Nkomo is expected to meet with Soviet Foreign Minister Andrei Gromyko and other high-ranking officials. He is also expected to meet with Soviet leaders in the field of international relations.

ti-strike law

New but tougher anti-strike law just issued in Lagos, aims to curb industrial disputes by making it easier for employers to obtain injunctions against public services, and to provide for the arrest of strikers who are violent or disruptive.

in seeks loan

Saudi Arabia is seeking a \$100m. loan from the International Monetary Fund (IMF) to help meet its budget deficit this year, the newspaper Al-Naba' has reported. The loan request was made in a letter to the IMF by Saudi Arabia's Finance Minister, Sheikh Ahmad al-Najjar, who is currently in London.

agapore inflation

Agapore's rate of inflation is continuing to show improvement, with prices in March 1976 falling by 1 per cent compared with the same month last year, Singapore's Consumer Price Index (CPI) has reported. The March CPI was 145.7, which was the lowest in 18 months. Singapore has been enjoying a negative annual rate of inflation over the past five months.

ustralia spending

Capital expenditure by the private sector in Australia increased marginally during the first quarter, according to preliminary figures from the Australian Bureau of Statistics. The increase was 0.1 per cent compared with the same quarter last year. The total capital expenditure for the first quarter was \$1.35bn, up from \$1.34bn in the same quarter last year.

nuclear excavation

Progress continues with the German feasibility study of a nuclear excavation project in the desert, our Cairo correspondent writes. The project, which is being carried out by a German company, aims to excavate a large area of desert land for the construction of a new city. The project is expected to be completed by the end of the year.

Z. shut-down

Thousands of New Zealand homes were without electricity yesterday as a result of a power cut caused by a fault in the country's electricity generating system. The power cut lasted for several hours and affected a large area of the country. The electricity company has since repaired the fault and power has been restored.

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New tax ruling in Japan would hit overseas banks

BY PETER DUMINY

TOKYO, May 26.

THE 51 foreign banks in Japan face a bill for \$100m. in back taxes—and as much again every year—unless the Finance Ministry modifies a new ruling on the cost of their funds allowable for tax purposes.

Most bankers are reluctant to talk about it for fear of offending the tax authorities. But it is known that the vast majority of the banks have already made representations without avail, and other possible avenues, including appeals at inter-Government level, are now being canvassed.

British banks are necessarily affected, though to what extent individually is not known. Barclays, National Westminster, Lloyds and Standard Chartered all have local operations.

The problem arises from the fact that all banks introduce funds into the country through head office and branches overseas. In the case of the largest (Citybank) the amount exceeds \$1bn. This practice is a direct result of the Japanese withholding tax which makes it impossible for banks to seek deposits

of foreign currency from the public (the tax automatically making rates uncompetitive).

Until this year the banks were allowed to quote the daily Euro-dollar interbank rate as the cost of all dollars introduced.

Now, however, the Ministry of Finance is demanding proof of actual cost. At the same time, it is refusing to allow banks to fix their own rates for in-group transactions.

This leads the Tax Bureau to demand production of original contract notes in the possession of the overseas branches which took deposits contemporaneously with introduction of dollar funds into Japan. It adds that the most it will allow for tax purposes if contract notes are not produced is the Federal Reserve discount rate.

Some banks may welcome the chance to adduce actual costs, having been heard to complain that the Euro-dollar rate does not cover the full cost of funds raised offshore.

But most banks have been more than satisfied with the old

tax formula. That is particularly true of banks with access to funds in the U.S. where money is normally cheaper than in the Euro-dollar market, bankers say, were consequently able to claim more than actual cost of funds for tax purposes.

Production of contract notes would be calculated to erode past and present profits overall. But the real problem, bankers say, arises from the fact that head offices overseas may by law or custom be forbidden to reveal the identity of depositors to foreign Government agencies. This may particularly apply to Swiss and British banks.

The Tax Bureau refuses to look at contract notes on which names have been deleted.

At this stage no solution is in sight. There is a possibility that Mr. Joel Barnett, Secretary to the U.K. Treasury, may raise the matter in talks with the Japanese Government next week. There are also reports circulating that the Swiss Government has intervened, but the Swiss Embassy says no decision to do so has been taken yet.

Lebanon tension increases again

BY IHSAN HIJAZI

BEIRUT, May 26.

WIDESPREAD fighting and artillery duels continued throughout Lebanon today despite reported progress by President Elias Sarkis in getting the left-wing and right-wing parties to agree to taking part in round-table negotiations to end the crisis.

Shells fell on a number of Moslem districts here while others hit the Christian areas. The number of casualties was not immediately known, but in the past 24 hours, 35 people were killed and 70 wounded, according to Press quarters.

Fighting was also reported east of here especially around the predominantly Christian town of Zahle, while artillery duels continued to rage in the mountains.

Certain Lebanese quarters have attributed the sudden escalation in the clashes to tension arising from the unsuccessful attempt yesterday on the life of Mr. Raymond Eddé, a prominent Christian Maronite moderate elected earlier this month to Mr. Sarkis.

The 63-year-old Mr. Eddé was injured in the leg and his bodyguard wounded when their car came under a hail of bullets in a Christian-dominated area north of Beirut. The incident caused a frenzy of emotion with figures of all political colour condemning it strongly.

Mr. Sarkis exerted special efforts to check the new deterioration in the situation.

Heavy fighting delayed a meeting with Mr. Kamal Jumblatt, the leader of the left-wing alliance. The meeting may still take place to-night.

This would be the second meeting between the two since Mr. Sarkis was elected on May 5. Left-wing sources disclosed that the left alliance has warned up to Mr. Sarkis after the latter was reported to have asked the French Government to freeze its offer of sending troops to Lebanon.

Observers, meanwhile, see a hopeful sign in statements made by Mr. Amin Gemayel, eldest son of Phalangist Party leader Pierre Gemayel, in which he called for "a strategic alliance" between the Lebanese Palestinians and Syria.

UN force discussions

BY LOUIS FARES

DAMASCUS, May 26.

UN SECRETARY-GENERAL Kurt Waldheim expressed today his "hopes" that Syrian President Hafez Assad will agree to renew the mandate of the United Nations Disengagement Observer Force (UNDOF) stationed in the Golan Heights for a new six-month term.

Waldheim arrived here this afternoon in his private jet. He, and the accompanying delegation, were met at Damascus International airport by Syria's Deputy Premier and Foreign Minister Abdul-Halim Khaddam, and senior aides.

In an airport statement, Waldheim said his talks with President Assad will focus on finding means to keep the peace momentum in the Middle East going. He declined, however, to comment on a statement made on Tuesday by Israeli Premier Isaac Rabin saying that "Israel will reconsider her acceptance of the renewal if it is 1987."

is linked to any political condition or concession." Waldheim said he was not yet fully aware of that statement.

Later on today Waldheim is due to meet President Assad. He is scheduled to fly back to New York at midday on Thursday to attend Friday's debate of the Security Council on the issue of the UNDOF mandate.

L. Daniel writes from Jerusalem. Both Premier Rabin and Foreign Minister Allon have warned the UN Secretary-General that he might find himself in difficulties if he acceded to Syrian demands unconnected with the UN forces mandate.

Unofficial reports circulating here claim that Damascus is demanding to link the renewal of the UN mandate to a Security Council pledge to recognise "the national rights of the Palestinians" and the drawing-up of a timetable for a Middle East settlement dictating Israeli withdrawal from territory occupied in 1967.

Labour successes in poll

BY L. DANIEL

TEL AVIV, May 26.

ARAB CANDIDATES linked with the Israeli Labour Party won municipal elections in four out of seven Israeli Arab villages which voted yesterday.

The new Communist Party "Rakach" gained a majority of votes in only two villages. In the remaining Arab villages, the three competing lists failed to gain the necessary number of votes and new elections will have to take place.

The largest Arab village, Sachnin, where three local residents were killed in the March 30 protest against land expropriation orders, came out in favour of Labour-supported candidates. The Communists gained only two out of 11 council seats.

Although Israel's general elections are still 18 months away unless the Knesset is dissolved before then, pre-election line-ups are beginning to emerge already. In a surprise move last night, Professor Yigael Yadin, known to the world as an archaeologist at Massada, said he would consider entering politics if he found enough support for his ideas on how to extricate the nation from its present impasse.

He said he had been approached by various sides and declared his readiness to come to peace terms with the Palestinians, even at the price of extensive territorial compromises. But he objected to the establishment of a third state between Jordan and Israel, that is in the West Bank.

• Tel Aviv authorities said the long-haired shabbily dressed man who killed himself and a woman security guard in an explosion at Ben-Gurion Airport yesterday was travelling under a forged Dutch passport. UPI reports. The Popular Front for the Liberation of Palestine has claimed responsibility for the attack.

Cuba removing Angola troops in weekly stages

HAVANA, May 26. CUBAN PRESIDENT Osvaldo Dorticos confirmed here that Cuba would withdraw 200 soldiers a week from Angola with the agreement of Angolan President Agostinho Neto and indicated that Cuba would not send troops to Namibia (South-West Africa) or Rhodesia.

However, he said the U.S. would make a mistake by demanding evidence of the withdrawal. "We have never used lies as a system of government, and nobody could ever say that our declarations were untrue," he said.

• Namibia and Rhodesia are problems that must be solved by the revolutionary movements themselves. There is no doubt that we shall continue to aid and support all liberation movements and that we shall never repent or change our attitude. But to attribute to us other types of intervention is very far from what we mean," he said.

Reuter

With Chairman Mao ailing, Colina MacDougall studies his actress wife

Chiang Ching's power play



Chiang Ching, one of the more obviously human figures on the inscrutable Chinese stage.

WHEN MAO TSE-TUNG finally departs this life he will leave behind him the makings of a dynasty. His nephew, Mao Yuan-shin, is on the Liaoning provincial party committee. His niece, Wang Hai-jung, is a deputy Foreign Minister. He has two daughters, variously (but probably incorrectly) reported to be married to two radical leaders, Wang Hung-wen and Yao Wen-yuan. But the prima donna of them all is his wife of 36 years' standing, Chiang Ching, who has carved out for herself a unique place in Chinese politics.

Chiang Ching has had a mixed record in the West. As one of the more obviously human figures on the inscrutable Chinese stage, she is always good for a story. The reverential attitude of the Chinese media to the Chairman makes the recollection of his weakness for her a unique place in Chinese politics.

Chiang Ching showed herself an unscrupulous and bitter enemy in the Cultural Revolution, and was remarkably successful at settling old scores. Not only did she then head of state, Liu Shao-chi, who is said to have opposed her marriage, lose his job, but his elegant American-born wife, Wang Kuang-mei, also underwent a series of humiliating pseudo-trials at the hands of Red Guards inspired by Chiang Ching.

She has another quality that helped her in the Cultural Revolution. She knows how to manipulate a crowd. A Soviet diplomat who was in China at the time watched her in action at a student meeting. He was surprisingly impressed by her attractive figure, her youthful appearance (she was then past 50) despite the Mickey Mouse spectacles. Most of all he admired her ability to work the audience into a frenzy of excitement by flattery them as heirs to the revolution.

Chiang Ching's power did not outlast the wilder phases of the Cultural Revolution. She is not an administrator, and seems little concerned with the practical problems and purposes of government. She seemed unable to foresee the disastrous consequences of some of her actions in the Cultural Revolution, such as encouraging the Red Guards to take weapons from the army. The long-planned wife and five children, in the

teeth of opposition from the party's central committee. Since then she has had to contend with prejudice both in the party and outside it because of her past.

Chiang Ching may well have an important friend in the new premier, Hua Guofeng, who is not averse to having his photograph taken with her and other prominent figures. Of course the question of a relationship is far from clear, but she seems unlikely to be only a reserve in someone else's team.

Her role in the current campaign against the "Four Olds" is less than that of some others. It is said she inspired the "Four Olds" campaign, for sending it to the discredited vice-premier, Lin Biao-ping, for sending it to the brain-children, the "Four Olds" campaign. How much of the campaign is behind the scenes, she is not clearly known, but it is more than a fringe player in that case, she does not mark for winning the campaign, against an extremely tough adversary.

It is possible that the actress can maintain an important political position in the Chinese hierarchy. She is intelligent and able, and this must be partly due to her marriage to Mao. She has been able to exploit her own advantage. Although she has been seen in unflattering times, she appears to know very well how to protect her interests. She has her own society. She already has some remarkable success in her credit; no one should assume that after Mao's death she will automatically become a powerful figure.

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WORLD TRADE NEWS

EUROPEAN NEWS

Chinese step up plant buying

By Colina McDougall

CHINA has stepped up its programme for buying complete plant abroad since autumn last year. Between November 1975 and last month China bought plants from West Germany and Japan totalling about \$250m. in value. These include two petrochemical plants and one polyester plant from Japan, and five chemical plants from West Germany. In the technology field there was the \$50m. Rolls-Royce Spey engine deal in December 1975. Other sales are expected to be completed soon.

For the first 11 months of last year the U.S.-China Business Review reported that expenditure on foreign plant was probably only about \$75m, and included five plants, four from Japan and one from West Germany.

The Chinese resumed expenditure on foreign plants at a point when it was coming increasingly under attack in the Chinese Press in the campaign against former Vice-Premier Teng Hsiao-ping. The purchases are presumably connected with the development scheduled to take place under the new five-year plan which began this year.

Imported plant was expected to speed up growth by raising the technological level. However, many observers have suggested that the plan may be undergoing alteration. In this context it may be significant that the Minister in Charge of the State Planning Commission has only been reported once since the funeral in January, and that was in an official capacity.

However, it may be that the argument over the plan has been genuinely economic rather than political. Planned exports of oil are expected to be one of the sources of foreign exchange with which China expected to pay for technology imports. However, the oil industry had technical troubles in February at the important oil field of Tachang, and as a result shipments of oil to Japan in February, March and April have been a result, below last year's as a result. In addition, there have been growing problems in marketing Chinese crude, which is hard to handle and expensive to process.

Sharp fall in Bonn surplus

By Our Own Correspondent

THE West German foreign trade surplus has fallen sharply during April, falling to DM2.5bn from DM3.6bn in March. The April surplus was also well below the DM2.5bn registered in April 1975.

According to the official figures published today, there was a relatively slight slowdown in imports from DM18.5bn in April, but for the more important factor, however, was a drop in exports from DM22.5bn to DM20.8bn. The April figures leave exports up 6 per cent, and imports up 10 per cent, over their levels a year before.

During the first four months as a whole, exports were 13 per cent higher than in the corresponding period of 1975, while imports rose 19 per cent. This left West Germany with a DM10.8bn surplus during the four-month period compared to DM13.4bn a year before.

U.K. car exports nearly match imports

BY LORNE BARLING

THE value of U.K. car exports last month reached a record \$22.3m, nearly double the figure for April last year, but imports continued to increase and reached \$55.4m. The total motor industry's favourable trade balance amounted to \$133.7m during the month.

Figures released yesterday by the Society of Motor Manufacturers and Traders showed that car imports during the first quarter of this year amounted to \$240.3m, while exports totalled \$209.6m.

With car production down by 8 per cent in the first quarter compared with 1975, and U.K. manufacturers attacking export markets with determination it was felt that an increase in imports was inevitable.

Total U.K. sales during April were 24 per cent higher than in the same month last year and were about 6 per cent up during the first quarter.

Although exporters have been enjoying favourable conditions due to the decline in the value of sterling, the price of imports has also been increased substantially. Inflation also continues to be a problem.

Exports of all goods vehicles, at \$49m, were nearly half as high again as in the same month last year and exports of components, parts and accessories of \$12.5m, were nearly 40 per cent above those of April 1975.

Total exports of all motor products amounted to \$211m, giving a favourable balance of \$16m, a 45 per cent better than of the same period in 1975.

● PARIS — French exports of private cars and light vehicles rose to record levels in April, but those of industrial vehicles slumped, according to latest figures released by the French car makers association.

Sales of private cars abroad rose by 27.9 per cent to 146,581 units during the month—the largest number ever recorded for the month of April, the industry body said. Over the first four months, however, the in-

crease was only 6.8 per cent to 524,084 units.

Foreign sales of light industrial vehicles (up to 6 tons) dropped by 7.4 per cent in April to 10,907 units, and over the first four months were down by 3 per cent to 44,004 units.

The largest decline was seen in the heavy industrial vehicle sector, where deliveries abroad slumped by 40.5 per cent to 1,785 units and by 23.9 per cent to 7,251 in the 4 months. The association remarked that although the April figure was more than double that of the same month of 1975, "the situation is becoming more and more worrying".

Production of private cars and light vans rose by 27 per cent in April to 266,126 units, and by 21.7 per cent over the first four months to 1,037,582. New registrations provisionally increased by 29.9 per cent to 179,000 units, on par with the fourth rise of 30.3 per cent to 629,170 units.

● Detroit — U.S. new-car sales continued at the pace of recent months in mid-May, rising 83 per cent above the depressed year-earlier rate. Dealer inventories of 310,869 cars during the period up from 130,423 a year before when the industry was still recovering from the recession. There were nine selling days in the period this year and eight last year, so the sales comparison is made on the basis of the daily selling rate.

The daily selling rate was the second best for the period, trailing only the rate of 1975. In keeping with the recent pattern, large and intermediate-size cars were exceptionally strong, while subcompact models took less than their expected share of the market.

● Frankfurt — West German new vehicle registrations in April were a record 286,444 units—7.9 per cent above the previous April high in 1970 and nine per cent higher than in April 1975, according to latest figures released by the Federal Motor Vehicle Office.

New registrations in the first four months of 1976 totalled 978,316 units, including 581,991 cars, a 2.3 per cent, higher than the same period a year ago. Reuters, AP-DJ

Criticism of French defence strategy

By Robert Mauchner

PARIS, May 26.

THE FRENCH National Assembly today adopted the Government's five-year military spending programme, which provides for an annual rise in expenditure of 15 per cent from 1976 onwards.

The programme, under which military expenditure will amount to Frs.58bn (nearly £7bn) next year, rising progressively to Frs.115bn by 1982, about 20 per cent of the national budget, was approved by a comfortable majority of 393 votes against 181.

During the debate which preceded the vote, however, the Government came under fire not only from the Socialist-Communist Opposition, but also from some Gaullist and in both cases it was President Giscard d'Estaing's recent conversion to the doctrine of flexible response, with its greater emphasis of the strengthening of conventional forces, which drew most of the criticisms.

For the Communists, and not a few Socialists, the adoption of this strategy implied a renunciation of the possibility of conventional forces, which drew most of the criticisms.

Some Gaullists, on the other hand, were worried that the new emphasis on conventional forces could not fail to result in a weakening of France's nuclear arsenal, in spite of the assurances to the contrary given by Mr. Giscard and the Defence Minister, M. Yves Bourges. Fears were also expressed on the Gaullist side that the Government was moving, however slowly, towards a common European defence policy which would reduce other Western European countries were members of NATO's unified command would necessarily undermine France's independence in the field of defence.

● DUBROVNIK — The various Djibouti political parties have started detailed talks here with the Paris authorities on the accession of the French colony and military base at the mouth of the Red Sea to full independence by the end of this year. The discussions have so far not gone beyond separate meetings of each of the groups involved with the responsible minister, M. Olivier Stirn. Given the complexity and delicacy of the Djibouti situation, officials expect the talks to continue into next week. It has already become clear, however, that the position of Mr. Ali Arif, Chief Minister of the enclave and long-standing supporter of continued French involvement, is becoming steadily weaker.

Djibouti talks open in Paris

By Rupert Cornwell

PARIS, May 26.

REPRESENTATIVES of the various Djibouti political parties have started detailed talks here with the Paris authorities on the accession of the French colony and military base at the mouth of the Red Sea to full independence by the end of this year.

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Commission seeks pledges on inflation, jobs, growth

BY DAVID CURRY

BRUSSELS, May 26.

THE NINE EEC countries are being asked to commit themselves categorically to reducing the rate of inflation to 5 per cent a year by 1980, to achieving full employment by the same date, and to sustaining an annual growth rate in the 4 to 5 per cent bracket from now until the end of the year.

These are the basic pledges that the Brussels Commission is asking Governments to make at the conference between Ministers and the two sides of industry on June 22. The proposals come in the Commission's working paper for the conference which spells out how the Community can return to full employment and economic stability.

The document setting out these objectives was approved by the Commission's Executive Committee (Executive Committee) on June 15. It has already been chewed over by finance and social ministers who will be at the conference.

Around the three central

themes are a series of proposals setting out ways of achieving the necessary objectives. The Commission is asking Governments to eliminate "the cyclical component" of unemployment by mid 1978 (it does not seek to define structural or cyclical unemployment). It also calls for reductions in budget deficits in the medium term while the document also refers to the need to limit the growth of money supply to what is justified by "potential growth in GNP".

The Commission regards incomes and price controls as essential to the strategy and couples this with a general reference to the need to promote industrial democracy and profit-sharing schemes for employees.

Clearly underlying the Commission's thinking is the fear that investment will be too small to absorb unemployment; that while they find it useful to know each other's minds, Ministers have made it clear that they will not move towards again; and that individual policies of deflation would soon

run into balance of payments problems.

The Commission also repeats the by now familiar lamentation about the problems inherent in the divergent economic performances of member states.

Specific employment subsidies figure less prominently in this document than in its forerunners. However, the Commission suggests that useful supporting measures to the overall strategy could include replacing overvalued working by new recruitment; the payment of employment premiums; expanding training; and limiting the access to migrant workers.

The paper contains no proposals for new Community institutions although it looks as if the tripartite conference machinery is well on its way to becoming a permanent feature of Community life. Ministers have made it clear that while they find it useful to know each other's minds, Ministers have made it clear that they will not move towards again; and that individual policies of deflation would soon

Disagreement over Greek riots

BY OUR OWN CORRESPONDENT

ATHENS, May 26.

OPPOSITION PARTIES today challenged the Government to prove its allegations that yesterday's bloody incidents in Athens in which one woman died and about 150 people were injured.

The two parties—the Panhellenic Socialist Movement and the Greek Communist Party—have said that the riots were caused by extreme right-wing elements and sympathisers of the fallen Military Junta and have accused the police of resorting to unnecessary violence to quell the disturbances.

The opposition Press today accused the police of firing indiscriminately into crowded Athens streets, causing the panic in which a woman died and a riot police officer was killed by a riot police car. It asked why the 8,000-strong Athens police force could not deal with the rioters who from all indications did not exceed 2,000.

Pro-Government newspapers on their side said today that the incidents in Athens could have been the highest cause of tension. But anti-American demonstrations in Rhodes, appeared to be part of a general plan to provoke social

unrest and undermine the country's democratic regime.

Most of the other unions asked their members to return to work. The Communist Party, however, whose flights in and out of the country were operating normally.

The controversial Bill, at the root of the present labour troubles, is now being debated in Parliament in detail.

● UPI writes: During the strike the Government kept trains running by mobilising 800 railroad engineers. Telecommunications were also kept going and mobilised workers of Greek Olympic Airways helped some foreign airlines make their flights. But other groups such as teachers, shipyard and longshoremen joined the strike. A government spokesman said that bank employees, among the leaders of the action, were drifting back to work.

Meanwhile on the island of Rhodes, authorities reported 20 persons injured, including some policemen, when police fought with tear gas grenades against a goodwill visit by two U.S. Navy Fleet warships. The two vessels remained anchored offshore.

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Dutch defer S. Africa project decision

BY MICHAEL VAN OS

THE HAGUE, May 26.

THE DUTCH Cabinet, still seriously split on a number of issues, has again postponed a decision on one of the most controversial apparently for some time, in doing so, the five-party Social Democratic coalition has narrowly averted the biggest immediate threat to its survival since it came to power in mid-1973.

The difficulties that have suddenly flared up over possible Dutch participation in South Africa's first nuclear plant are the biggest cause of tension. But they come at a time when tension among the partners is already growing over a number of important issues, including abortion, wages and prices policy as

part of anti-inflation policy, proposals to cut back the growth of Government and social expenditure, future reform of domestic industry and industrial democracy.

After emergency Cabinet meetings lasting more than a week, the Government said in a letter to Parliament here today that no decision would be taken yet on the grant of a state credit for the grant of the South African nuclear project, pending the visit KVP party, wants to close down the week-end of a State Secretary's mission to sound out the official U.S. view.

But Mr. Van Agt, who is also RSV and Bredero, the Dutch vice-president of the Cabinet, is known to be very eager to close the deal.

the U.S. are all partners in the international hiding consortium of which the U.S. company is said to be the main contractor.

As for the abortion issue, the Bloemendaal Clinic at Heemstede is continuing limited operations, pending discussions between the management and the local magistrate, the Amsterdam public prosecutor and Justice Minister Andries van Agt. The latter, a member of the Roman Catholic Church, wants to close down the week-end of a State Secretary's mission to sound out the official U.S. view.

But Mr. Van Agt, who is also RSV and Bredero, the Dutch vice-president of the Cabinet, is known to be very eager to close the deal.

Restrained view of vote by Cortes

By Roger Matthews

MADRID, May 26.

THE SWIFT and virtually unopposed passage of the first piece of Spanish Government political reform package through the Cortes (Parliament) yesterday is being treated as a notable success in official circles. Only four deputies out of 666 actually voted against the legislation, which eventually should provide Spaniards with greater freedom to hold meetings and demonstrations.

But as political parties and non-regime labour organisations remain illegal the reform is not expected to have much initial effect. Only the right wing political associations, formed during the lifetime of Gen. Franco, are expected to benefit in the short term.

As to the extent those heavily conservative members of the Cortes who are opposed to democracy did not feel too distressed by the new law. Additionally the Ministry of the Interior is given wide discretion in deciding whether meetings and demonstrations should be permitted.

Opposition parties claimed today that clauses in the law such as the one which says that no gathering will be permitted that might threaten law and order could result in a continuation of the status quo. As an example they pointed to a demonstration by an estimated 15,000 farmers in Tarragona yesterday which had been previously authorised by the local authorities but was still broken up by police.

However, the lack of opposition in the Cortes did give the more liberal daily Press the chance this morning to describe the enactment of the right wing as a "paper elephant" which had coiled last week by the leader of the illegal Political Socialist Party, Prof. Tello Galvan.

Coupled with the defeat of General Franco's son-to-law the Marquess of Villaverde in voting for a vacant place in the so-called Group of Forty—21 deputies who have a seat in the Cortes until the next election of 1978—it was at least on the surface an unimpressive day for what is known as "the bunker".

This though should not disguise the struggle that the more subtle but equally anti-democratic members of the Cortes will put up when in the next couple of months the more controversial sections of the reform package come up for debate.

With the economy so far failing to follow the improving trend seen in most of Europe, many trading partners' strong arguments are being advanced that would seek to delay the reform process until the country had been restored to former levels of growth.

Several former Ministers claim that the Government's "immediate" political programme and the attitudes that it is causing in industry are damaging an already badly mismanaged economy. Inflation, they point out, is now running at an annual rate of nearly 20 per cent, unemployment is over five per cent, and rising wages the balance of payments deficit has reached alarming proportions. This, they say, is no moment to start permitting left wing political parties.

Turkey, Libya, Kuwait to form merchant bank

BY METIN MUNIR

ANKARA, May 26.

NEGOTIATIONS are underway for the founding of an international merchant bank between Turkey, Libya and Kuwait, Central Bank sources have told the Financial Times here.

The Libyan Arab Foreign Trade Bank, the Kuwaitian Finance Company and the Turkish Central Bank are involved in the negotiations.

The bank was initially conceived as a joint Turkey-Libyan venture during Libyan Prime Minister Abdel Salam Jalloud's visit here last year. But in talks from Ankara last week, the former Turkey, which was interested in becoming a founding member and partner. The Turkish government welcomed the idea and Sidiq Mohammed el Hachaci, a Board member of the Libyan Arab Foreign Trade Bank, flew from Ankara to Kuwait for talks. He is currently there to discover how and to what extent the Kuwaitian Finance Company want to participate.

The bank will be based in Istanbul and have an initial capital of \$15m. The Central Bank sources said. However, they added, Kuwaiti participation may change this picture. Talks between the parties are to take place in Ankara in June to determine the basic data of the bank.

Although the Turkish Central Bank is conducting the negotiations the Turkish partners will be domestic public and private banks.

Earlier this month the Arab financial consultants company of Kuwait placed bonds totalling about \$25m. on the market in the Middle East on behalf of BOTAS, the state owned Turkish company controlling the construction of the Turo-Iraq crude oil pipeline.

The Central Bank is hoping that the projected bank will channel Gulf-petrodollars into Turkish investments and look upon it as a hopeful beginning for improved financial relations with the Gulf states.

Philips Saudi deal confirmed

Financial Times Reporter

PHILIPS yesterday confirmed that the government of Saudi Arabia has invited it to join an international consortium, to negotiate a contract for the extension of the Saudi telephone network.

The talks, exclusively reported in the Financial Times, on May 14, could result in Philips breaking L.M. Ericsson's traditional hold on the Saudi communications market. The Dutch company said the contract would cover extending the number of Saudi telephone lines from 180,000 to 600,000, and that it would be offering equipment including its PRX electronic exchange. The contract would also cover operation of the telephone network, as well as the cables and buildings.

Cement shipments

Japan's cement shipments totalled 5.2m metric tons in April, up 3 per cent from a year earlier, the Cement Association said yesterday. AP-DJ reports from Tokyo.

Of the total, exports accounted for 355,000 tons, up 55 per cent from a year earlier, officials said. Cement production in Japan was listed as 4.92m tons, down 6.5 per cent from a year earlier.

Inventories stood at 2.37m tons at the end of April, down 370,000 tons from the end of March, officials said.

Acrow wins bridge contract

Financial Times Reporter

A £6.6m. contract to supply what is claimed to be the biggest floating bridge in the world has been awarded by the Ministry of Works and Housing of Guyana to the Acrow subsidiary Thos. Storey (Engineers). The Acrow two-lane bridge of over 6,000 feet in length will eventually replace existing ferry services on the Demerara River at Georgetown.

The Export Credits Guarantee Department is backing a £5.6m. loan towards the project which has been arranged by Kleinwort Benson acting on behalf of Barclays Bank International. Delivery of the bridge will start next month and it will be completed within 14 months.

● The ECGD has guaranteed a £5.6m. loan which Lazard Brothers is sending on behalf of Barclays Bank and Lloyds Bank, has made available to Pohang Iron and Steel Company Limited, South Korea.

The loan will help finance a contract won by Air Products, of New Malden, Surrey, to supply and commission two oxygen plants with storage and argon purification units.

Pakistan, Dacca air link accord

By Our Own Correspondent

DACC, May 26.

BANGLADESH Biman, the country's national airline, and Pakistan International Airlines will start direct flights between Dacca and Karachi next month. The decision comes in the wake of the general agreement signed between the two countries during the visit of the Bangladesh delegation to Pakistan recently for the restoration of trade.

YUGOSLAV-ITALIAN RELATIONS

Neighbourly interest

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

more than reflect what has happened. They will not of themselves bring change. The official also considered that the Italian political scene could hardly become even less stable, and he suggested that the position of the Communists in those areas already under their control were bound to earn the PCI a larger share of the vote.

Observers in Belgrade admit that an election result showing big Communist gains could provoke a reaction and attract welcome interest towards the part of the Mediterranean. But to them, this is outweighed by the prospect of having like-thinking Communists influencing Rome policy.

For though they disagree on many points (like the PCI's kind words about NATO) relations between the Italian party and the League of Communists of Yugoslavia (LCY) are good. One of the strongest links holding them together is the PCI's view on the role of Moscow in the Communist movement. Both hold passionately to their right to chase their own roads to socialism, and both said much at the recent Soviet party congress.

The two parties have also been among the most vocal in the proposed conference of European Communist parties must recognise the individual parties' right to independence—a demand which now appears to have been conceded.

On a more practical level, Yugoslavia believes that a strong Communist element in the Rome Government will help bilateral relations—which have seldom been easy. The PCI was among those calling for a settlement of the long-smouldering dispute over the Trieste border, on terms which were subsequently negotiated in secret last year, to the fury of the irridentist Right.

A coming to power of the Italian Communists would first of all strengthen the voice of the independent Communists at a time when they need to consolidate some hard-won concessions from Moscow. Although preparations for the European conference are still in an uncertain state, the two-year negotiations have already proved that resistance to the Russian line is worth while (even if it appears to have led to an ideological tightening up within the bloc).

And though none of the parties concerned have yet spoken openly about their battle, it must have created a sense of comradeship.

Eventually that could turn into the beginning of a grouping of like-thinking European ruling parties which might include Romania, and maybe other Mediterranean countries, linked by geography and a wide range of mutual interests, economic and political.

A further consideration must be the likely effect of PCI gains upon the cohesion of the Soviet bloc. The presence in a NATO conference of a party enjoying Moscow's favour, would be an outright encouragement to freer thinking among those not wholly inclined to follow Moscow's line in every way.

Though Yugoslavia's communists are not aligned in foreign affairs remains unwavering and, some pressure for appearance

if anything, has strengthened with the growing importance of the Third World, a number of factors have begun to complicate the careful path Belgrade treads between east and west. In terms of foreign policy, the government and pressure, Moscow continues to work on Belgrade, and it recently succeeded in luring some of its representatives into a tricky situation.

When the Yugoslav delegation attended the Soviet party congress in February, they were annoyed to find themselves lumped together with the Warsaw Pact countries as a member of the socialist fraternity, a label which its members made a point of disclaiming later on.

But later during the proceedings, the Yugoslavs were invited to the Bolshoi Theatre where Mr. Leonid Brezhnev called on Yugoslavs with a big foreign chief delegate, Mr. Stane Delanc, for a chat in the interval. This was subsequently reported with Comcon.

This has not been welcomed by the Yugoslavs who are worried by the economic recession in Western Europe and the continuing restrictions on imports into the EEC of beef, one of Yugoslavia's major exports. Such problems have not only increased the chief delegate, Mr. Stane Delanc, for a chat in the interval. This was subsequently reported with Comcon.

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St. Xavier Berlinguer

make to brush up its relations with the Russians. On their other flank, the Yugoslavs are worried by the economic recession in Western Europe and the continuing restrictions on imports into the EEC of beef, one of Yugoslavia's major exports. Such problems have not only increased the chief delegate, Mr. Stane Delanc, for a chat in the interval. This was subsequently reported with Comcon.

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CHESEBROUGH-POND'S INC.,
Guarantor

May 24, 1976

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CHESEBROUGH-POND'S INC.,
Guarantor

May 24, 1976

BY QUENTIN GUIRDHAM, PROPERTY CORRESPONDENT

CONSTRUCTION
(TOTAL NEW ORDERS)
CONSTANT (1970) PRICES
SEASONALLY ADJUSTED

£m

MONTHLY AVERAGES

1975 1976

Month	£m
Jan 1975	205
Feb 1975	245
Mar 1975	215
Apr 1975	230
May 1975	245
Jun 1975	225
Jul 1975	195
Aug 1975	205
Sep 1975	245
Oct 1975	225
Nov 1975	210
Dec 1975	210
Jan 1976	260

At constant prices the first-quarter figures are higher than for any quarter last year, and while a fall of about 2 per cent. this year was widely expected, this may now prove pessimistic. Last year saw a 6 per cent. fall from 1974.

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

The unions are generally opposed to such a change and the Government appears unwilling to make such radical revision to the code at this stage.

Mr. Callaghan said last week, however, that some modifications would be made so as to change the way the code penalises companies which either cut their costs or increase their sales. The Department of Prices is now believed

The most that should be done, in the opinion of some union leaders, is to double the present 20 per cent. figure.

By Our Industrial Staff

The impact of energy price rises on poorer customers and the elderly has become a sensitive political issue and earlier in this year Mr. Wedgwood Benn, Energy Secretary, referred the issue to an internal departmental inquiry.

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

Meanwhile, the association will press on the Confederation of British Industry the need for a counter-cyclical policy and insist that the subject is not obscured by all the other problems the CBI has to consider.

Mr. Trowbridge revealed reasons that we have all heard or read about." Mr. Trowbridge said.

BY RAY PERMAN, SCOTTISH CORRESPONDENT

To guarantee
Mr. Maxwell yesterday agreed to increase provided it was immediately invested in the company. The unions told him they could make no such guarantee, but were willing to accept a minority agreement.

Mr. Maxwell also withdrew a list of former employees of ex-workers co-operative newspaper, the Scottish Daily News, whom he did not wish to employ. He announced for the first time, reported in a trade magazine, that he would not hire Communists, Trotskyists, and anarchists "as journalists."

plant in Glasgow, which were used by the workers' co-operative, but it is unlikely that the liquidator will find it acceptable.

The editors of the Scottish Daily News, particularly the Government and Beaverbrook Newspapers, are owed £18m. and the buildings and machines have been valued at £15m. If they continue to be used for newspaper publishing.

There was no confirmation last night of a report that Outram, publisher of the Glasgow Herald and the Evening Express, would face competition from Mr. Maxwell, were prepared to offer £740,000 for the building and plant.

BY KEVIN DONE, INDUSTRIAL STAFF

Lord Errol said: "Last year, revenue from insurance broking was more than £2m, and income from services and sale of books and merchandise was more than £3m. Total income increased by some 29 per cent."

Lord Errol said: "The AA is not a not-for-profit squanders its income heedlessly or recklessly or indulges in ill-conceived diversions which might be held to erode its trading character," member service

GOLDEN replica of Magna Carta, presented here in Westminster Hall today to a delegation of 25 U. S. senators and congressmen as a gift to mark the bicentenary of the U. S.

The presentation was made by George Thomas, Speaker of the House of Commons, to the delegation in the House of Commons in the presence of Mr. Carlbert, Speaker of the House of representatives.

Mr. Albert poured scorn on congressmen who had tried to stop the trip because they feared it as junketing. This was the first time during the delegation's visit, but reversed the custom a week later.

"I gave them hell," said Mr. Albert. "The replica is so beautiful. The replica is more interesting than the trip has been."

"In any case you can't measure friendship of the British and American people, and the heritage of freedom in the two peoples have as no other people the world, in terms of dollars and cents."

Mr. Albert said the ceremony had been "probably as beautiful as any spectacular as has ever been given in my lifetime."

Magna Carta had always been considered in America to be as much a part of U. S. constitutional history as the Declaration of Independence and the constitution.

When the Magna Carta was 600 years old. And

when we set it over there it will occupy the most important position in the City of Washington."

Next week, a British Parliamentary delegation led by the Lord Chancellor, Lord Elwyn Jones, will travel to America to hand it over to congressmen.

The original copies of Magna Carta which will be on loan for one year.

At today's ceremony, the Prime Minister, Mr. James Callaghan, told the U. S. delegation that they cannot offer you anything more precious to mark your bicentenary than this great charter." It was a symbol of the two nations' common heritage and the evolution of the rule of law and democracy.

Mr. Albert said nothing could be more symbolic in the people of the United States who loved liberty as their most cherished possession, and their greatest heritage from the mother country.

The replica was carried into Westminster Hall by officers of the Coldstream guards and heralded by a fanfare of trumpets.

Later the delegation attended a reception given by Queen Elizabeth, the Queen Mother, at St. James's Palace.

The Government and Opposition welcomed them and the American Ambassador, Mrs. Anne Armstrong, was also present.

News and Matters, Page 13

*Regulations require a national chance for entertainment.

PANAM

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Join the Second Industrial Revolution

More and more companies are finding that the way to convert revolutionary design concepts into economic reality is by using plastics.

Ford fit lightweight, corrosion-free polyethylene mudguards on their new 'Transcontinental' trucks.

Vauxhall fit an easier-to-manufacture plastic moulded 'cab-width' fascia in their new Bedford.

Pylonstone (Construction) Ltd. manufacture a rigid PVC plank as an economic alternative to wood and wood-effect wallcoverings.

M&B Reinforced Plastics Ltd. have developed a high strength moulding for use with sewerage treatment plant.

Birmingham Plastics Ltd. are using a highly heat resistant specially formulated plastic for the cover of their new sun-ray lamp.

Aquafan Cooling Towers Ltd. are using heat-diffusing Filon GRP sheeting as the standard cladding for their modular cooling towers.

Plastics are no longer cheap substitutes for traditional materials. They can improve product performance, reduce assembly and finishing operations and provide a unique combination of physical properties.

Join the second Industrial Revolution

If you would like a broad introduction to some of the many ways plastics are being used today... plus specific information on how each of our specialist divisions may be able to help you, send for our new publication 'This is BIP'.



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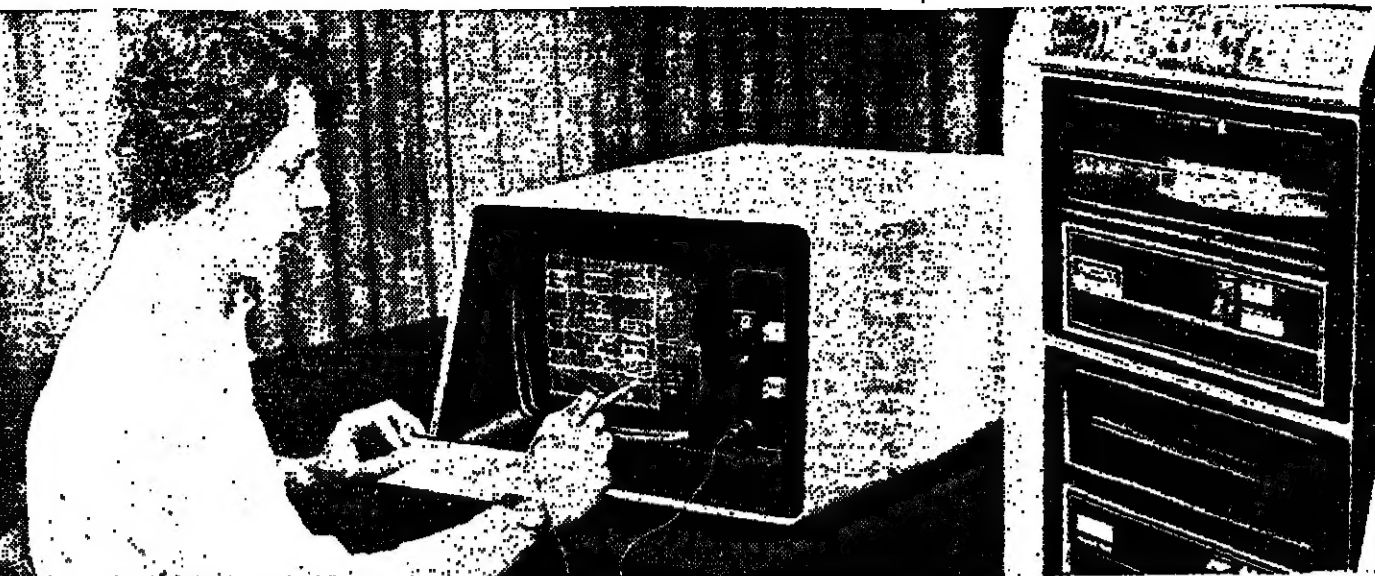
British Industrial Plastics Ltd
PO Box 11 Waverley
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Tel: 021-552 1551

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

ELECTRONICS

Short path to circuit boards



BRITISH designers/engineers are frequently blamed for striving after perfection while the overseas opposition does a quick development job and gets on to the market first with a "cheap and cheerful" product—that nevertheless meets a need with many users.

There are some instances in industry, however, where striving after perfection is the only way to carry out a particularly demanding task. One of these is the choice of equipment and the design of the intricate instruction sets to allow a designer to lay out large printed circuit boards and their arrays of components without gross interconnection errors or pattern overlaps that would make a finished board useless.

Manual design, particularly when it comes to the eight-layer platter, is not only extremely time-consuming, it is always open to serious error. Computer-assisted design using digitisers and plotters goes one better in that opportunities for checking are improved—but it is still a long procedure as the initial approach to the pattern is a manual one.

Several years ago, Redac (Racal) decided to go to the

expensive refresh display tube which provides a new picture every 60 seconds with immediate reaction to light pen instructions as being the ideal method of obtaining complete interaction between the designer and the machine, with its massive fact-storing capacity. Most of its U.S. competitors went the cheaper storage-tube way.

Now, after a series of severe setbacks—unfortunately at the hands of three U.K. computer makers—Redac has a series of automated design packages including one called Redac System which has been accepted by the largest maker of minicomputers in the world as a product to back and has been sold to Philips, Plessey, Ericsson, Boeing and many other industrial names. A competitor has also paid the company the doubtful honour of offering a "Redac System" to a prospect.

But the Redac System is for the larger company producing around 200 new large pcb designs a year.

Now Redac is starting to market the Redac Mini, intended to suit the smaller user and more than competitive with the digitiser, alternative which it equals in price and out-performs

after the 35 boards a year level, depending on complexity. The outcome of a two year 50/50 project with the MoD, it has a PDP 11/34 as its driver instead of the PDP 15 of the larger unit.

Capable of producing a finished layout of a large board in five days or less, together with drilling tape and artwork, it will prove formidably competitive with the less sophisticated equipment that has sold to smaller companies in the past. This latter digitiser/plotter approach cannot do much better than 16 days for the same job, while the fully manual method requires 32 days.

Total reduction in costs of 37 per cent, over manual are reported for 100 boards a year and this is a conservative figure which does not take into account faster throughput and higher accuracy.

The equipment would normally cope with boards up to 25 square inches but larger ones can be tackled if required and the methods used in layout are extendable up to eight layers.

One of the most important points in the system is the amount of effort which has gone into the software. This is now at a point of development where

A designer using a light pen and fast response graphics terminal to layout a printed circuit board on the Redac Mini pcb designer.

it permits designers to seek what can only be described as guidance and to leave to the machine time-consuming jobs—such as checking that paths for interconnections have been kept as short as possible. There is also an automatic facility which can be overridden when it is clear to the operator what the best paths will be.

At all times, apart from the listing of the components to be carried on the board, the equipment operates with the designer as a man-machine team and all that is needed for micro-analysis. The electron gun for general work or a lanthanum hexaboride one for pictures that keep their high brightness. The vacuum system may be a diffusion pump system, automatically controlled and designed to "fail safe". Or it may be a "super-clean" research system, or a machine also provides no problems, states Telex using two double-pump system to give the high vacuum needed with the lanthanum hexaboride gun. The microanalysis facilities available include vertical and horizontal fully-focusing spectrometers, energy-dispersive systems, and Cambridge Instruments' own integrated X-ray analysis system, combining wavelength-dispersive and energy-dispersive analysis.

Redac - Racal, Newtown, Tewkesbury, Gloucs. GL20 5HE. 0884 294181.

RESEARCH

Everyman's scanning microscope

GENERAL-PURPOSE scanning electron microscope equipment, the Stereoscan 150, is being offered by Cambridge Instruments, who describe the price of the basic model as little more than that of a desk-top scanning microscope.

Among the advantages that the low-budget buyer should get for that "little more", however, is the modularity of the design and the catalogue of buy-later modules allows the user to stretch his first purchase—according to his own needs and plans—into a fully fledged research instrument.

Important in the Stereoscan 150 is its resolution, which Cambridge Instruments guarantees at 70 Angstroms. Moreover, the accelerating voltage is continuously variable up to 40 kilovolts while magnification ranges from something less than x 5 to x 100,000, with 3:1 zoom. The manufacturer also stresses its efforts to make the operation of the instrument straightforward. The pushbutton controls are closely grouped, for example, to permit the automatic or pushbutton focusing, and by fully automatic vacuum sequencing. Speed is a virtue claimed also for the photographic recording system—plus an additional asset: it is foolproof, with magnification marker and alphanumeric data automatically taken into the micrograph.

Choices open to the user include having either a standard working chamber for normal electron microscopy or a search chamber with nine ports and all that is needed for micro-analysis. The electron gun for general work or a lanthanum hexaboride one for pictures that keep their high brightness. The vacuum system may be a diffusion pump system, automatically controlled and designed to "fail safe". Or it may be a "super-clean" research system, or a machine also provides no problems, states Telex using two double-pump system to give the high vacuum needed with the lanthanum hexaboride gun. The microanalysis facilities available include vertical and horizontal fully-focusing spectrometers, energy-dispersive systems, and Cambridge Instruments' own integrated X-ray analysis system, combining wavelength-dispersive and energy-dispersive analysis.

Redac - Racal, Newtown, Tewkesbury, Gloucs. GL20 5HE. 0884 294181.

clude controlled-profile gamma correction, tilt correction, dynamic focus, expanded contrast and grey level imaging. And there is a very-high-resolution recording cathode-ray tube for those who want it.

Further information from Mr. R. L. Wignall, Cambridge Instruments, Melbourn, Royston, Hertfordshire SG8 6EL. Royston (0763) 65611.

COMPUTERS

The other System 3

ANOTHER direct salvo has been fired at IBM by Telex International which has now started marketing in earnest its System III, a small business computer aimed directly at the IBM System 3 market.

It is the first time that Telex has attacked IBM with a complete system—previous offerings were limited to peripherals.

This week the company has invited some 40 managing directors of companies using System 3 to a London hotel to examine System III. They were told that by changing to the Telex system they could save at least £10,000, the saving being achieved in many cases in under 12 months.

Other inducements include an undertaking that the price will remain unchanged for the duration of the contract and that the cost of expanding the system will be less than that for the IBM machine.

Telex is also making the point that there is nothing improved about System III—it is based on the Lockheed Sna machine and there are now some 400 installations in the U.S.

It is a VDU/keypad machine with core memory upgradable from 24 to 64 k bytes, 850 ns cycle speed, from 8 to 40 megabytes of disc and up to four magnetic tape drives. Up to eight 24 x 80 character VDUs can be supported, remotely over phone lines if desired.

The change-over to their "super-clean" research system, or a machine also provides no problems, states Telex using two double-pump system to give the high vacuum needed with the lanthanum hexaboride gun. The microanalysis facilities available include vertical and horizontal fully-focusing spectrometers, energy-dispersive systems, and Cambridge Instruments' own integrated X-ray analysis system, combining wavelength-dispersive and energy-dispersive analysis.

Telex states there are about 1,000 IBM System 3 installations in the British Isles, so that they are addressing a market of about

Tealemit
Maidenhead, Berks.
Field Transfer, Control and Filtration
Lubrication Systems
Garage and Industrial Lubrication
Combustion Engineering

\$30m. This is apart from no IBM new business, which hopes to be tackling in about three months, and the rest of Europe where the product is already being launched.

The company already has turnover of about £5m/annum in the U.K. involving 11 customers and mostly based on IBM-alternative peripherals; claims it will succeed with System III because "we have better product at a better price. More from Telex Computer Products (U.K.), 218, Oxford Street, London W1R 1AH (01-734 9131).

COMMUNICATION

Fibre optic trial in P.O. system

FIELD trials of a fibre optic digital transmission system are to carry nearly 2,000 simultaneous telephone conversations are to be conducted by STC in conjunction with the Post Office on a link between Fitcham and Stevenage in Hertfordshire.

It will be the first trial of fibre optic communications within the public network to be conducted in the U.K. and the object is to demonstrate the latest technology in a non-research environment.

STC will provide the terminus equipment, optical cable and special regenerators and the Post Office will make use of typical duct route between changes in the two towns.

Operating at 140 megabits/sec the 8km length will have repeaters at 3 km intervals. The two "amplification" points of the route will be housed in standard Post Office repeater cases in footway boxes.

The cable consists of three low loss fibres with a central strength member and an outer polyethylene sheath. Power feeds will be over separate metal conductors within the cable which is being made in a new unit at STL Harlow.

CIVIL ENGINEERING

Test of how a big rig moves

FERRANTI Offshore Systems has applied military technology to the solution of a complex civil engineering problem for British Petroleum. A Ferranti inertial navigation system has measured the movement of an oil production platform in the Firth of Clyde in various wind and sea states.

When the platform was being designed, theoretical predictions of platform movement under a variety of weather conditions were made by a simulation tech-

nique in a laboratory, but until this test project no work had been undertaken on site to verify the assumption and calculations. The results have demonstrated that Forties Charlie is behaving within its specification limits and that it is inherently safe in the worst conditions, which will come as a relief to many North Sea operators.

Ferranti's test team installed an aircraft-type inertial navigation unit modified to measure small movements by the addition of a General Electronic Navigation Interface Equipment (GENIE). The normal displayed measurements of an aircraft inertial platform are in units of 600 feet, but, by the addition of sophisticated circuitry in GENIE,

the increments of measurement were reduced to 0.0001 in. and were recorded on high-speed punched paper tape.

For BP's purposes velocity measurements were required in X, Y and Z axes at half-second intervals, but, had it been required, the system would have provided velocity, acceleration and displacement data simultaneously.

Over a period of a week readings were taken of a number of conditions from flat calm to gale force winds and heavy seas.

Data accumulated for analysis was stored on 16 tapes, each one running over half an hour with 24 digits printed every half second. The results showed that in a flat calm the movement caused by vibration was 0.1 inch

rising to 2.0 inches in stormy conditions.

A somewhat less complex technique was applied for Shell to determine the relative motion between a semi-submersible rig and supply boats and barges. Hoisting heavy loads aboard a rig is a tricky and dangerous business and a relative motion indicator was shown to be of great assistance to the lifting supervisor.

The techniques used on the rig and platform projects for Shell and BP have obvious applications for other work, such as in the towing of rigs and platforms, placement of modules on jackets, and also on land in the checking of the movement of tall buildings.

Ferranti Offshore, Ferry Road, Edinburgh, Scotland EH5 2XS.

METALWORKING

Monitors induction welding

TUBE MAKING by induction welding of steel strip can be monitored by the Cyberscan, introduced by Inductron, Wade Road, Kingsland, Basingstoke, Hants. (0256 24151).

The unit can scan up to 100 points 200,000 times a second, with the results appearing on a digital display. A malfunction must be identified by two consecutive sweeps before a "fault" display appears. Reference to a list of numbers identifies the location of the fault. When all is well the indicator shows the power output of the welding equipment in kilowatts—stated to be a novelty for RF welding machines.

Some 20 numbers are left free to check the operation of other functions, such as strip feed equipment, forming rolls, cut-offs and the run-out. Indication of a fault can be pre-set to halt operations or merely to show the component's number.

There is a choice whether the indication switches off or remains on if the failure is transitory, allowing start-up to proceed without having to re-set the indicator at each stage. This facility also allows the run-up sequence to be checked as it shows the switching in of each stage.

COMPONENTS

High speed welding of plastics

A SERIES of thermoplastic welding nozzles has been introduced by Goodburn Plastics, Arundel Road Trading Estate, Uxbridge, Middlesex, UB8 2SE (Uxbridge 32266).

It is claimed that welding speeds of more than 100 cm/min can be achieved with good root welds. The nozzles are for use with the company's high-speed hot air plastics welding torch. The maker says a satisfactory weld can easily be obtained by

MATERIALS

Chipboard made more decorative

LICENCES are being sought for a process for producing chipboard with decorative surfaces.

Decoration is achieved by incorporating coloured chips or particles in the surface layers prior to pressing.

The board can either be used as is, to give a distinctive interesting appearance or sanded to produce a marbled effect.

The almost infinite variety of shades and patterns obtainable make the board suitable for wall panelling and furniture applications. It is claimed.

Details are available from Mr. K. F. Crowe, Canadian Patents Development, 375 Slater Street, Ottawa, Canada K1A 0R3.

TRANSPORT

Checking suspension faults

CHECKING WEAR or faults in the suspension, steering assembly or brakes of cars and commercial vehicles has traditionally been a job involving two men, a crowbar and muscle power.

Now, a Bedford-based company, Kismet-Dynaflex, has introduced a device—Sis Schrader Pneumatics—which enables one man to carry out the job in half the time.

Used in conjunction with inspection pits, the device consists of two flush steel plates mounted

SECURITY

Observation is made easier

TO ASSIST security surveillance, a 16 inch diameter, aluminium backed, weatherproofed, convex mirror, mounted on a single swivel castor, and controlled by a 32 inch handle, has been developed by Volumatic, Taurus House, Kingfield Road, Coventry (0293 84217).

Using the castor, the mirror can be pushed under vehicles or round corners, and it can also be lifted on its handle to look into high-sided trucks.

As well as security use in searching for smuggled or stolen goods, observing suspect packages, etc., the maker suggests the mirror could be used for observing production processes in industry where direct inspection might be dangerous, awkward, or where a "wide angle" view is required.

An ordinary fire alarm system employing break-glass switches can be converted to a two-stage system using the recently intro-

CONFERENCES

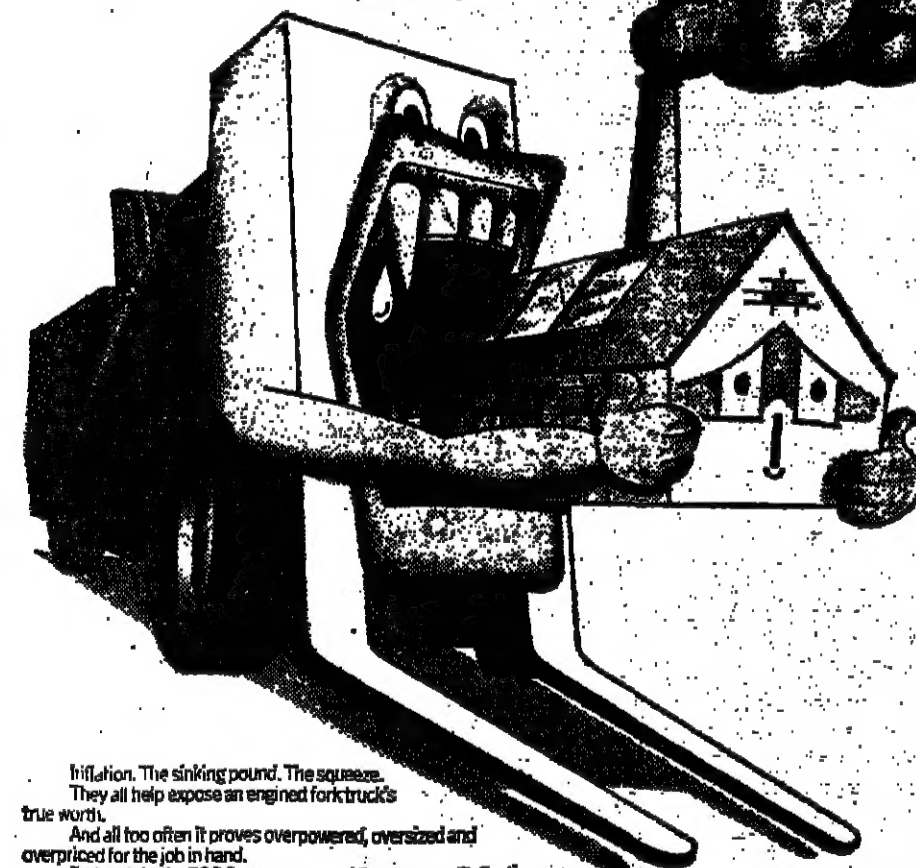
Controlling pressure surges

AUTHORS FROM 11 countries are presenting some 30 papers at the second international conference on pressure surges at the City University, London, from September 22 to 24. The meeting has been organised by BHRA Fluid Engineering in conjunction with the University, which is holding a two-day Pressure Transients course immediately prior to the conference.

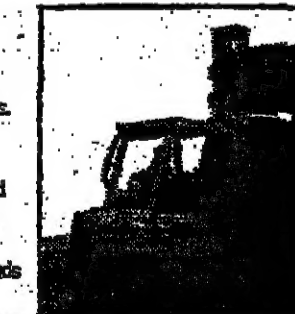
The prediction, incidence, analysis and control of pressure surges in pipes and pipelines in many industries will be discussed, including power generation, oil pipelines, water supply, water hammer, vapour explosions, through to the transients caused by a train entering a tunnel.

Details of the conference and the course are available from BHRA Fluid Engineering, Cranfield, Bedford, MK43 0AJ (0234 750422).

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Inflation. The sinking pound. The squeeze. They all help expose an engined fork truck's true worth. And all too often it proves overpowered, oversized and overpriced for the job in hand. Fortunately, the ROC Conveyor and Conveyor Definitive Range remains as efficient and economical as ever. Because it's Britain's most comprehensive range. Putting us in the enviable position of being able to offer an appropriate model for every conceivable application. So you don't merely get a fork truck, but the one that's cut out for the job. We make them with Perkins, Ford, Leyland, Continental and Holden engines. We make them with different transmissions and drives. (One, two, three and four speed torque converters and hydrostatic transmission). We make them run on diesel, petrol or LP gas. And we back them up with nationwide depots, big stores of spare parts and hiring and leasing services. All in all, a set-up that leaves other fork truck companies eating their hearts out. The Conveyor range of engined and electric fork and reach trucks extends to 26,000 lbs; plus straddle carriers and gantry cranes to 50,000 lbs. If you'd like more information about our engined fork truck range, please ring, or drop us a line. PO Box 24, Warrington, W5 1QT. Tel: 0925 35922. Telex 62375.



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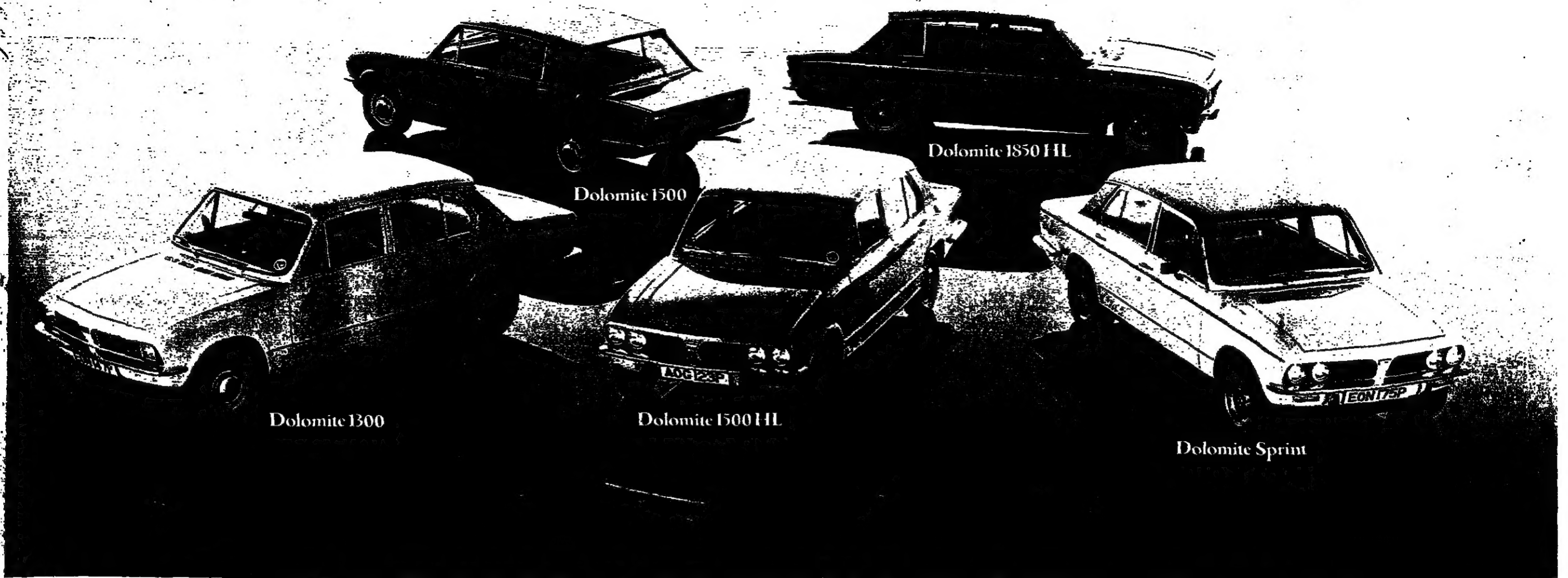
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1296cc engine, maximum mph—85, 0.60 mph in 17.1 secs*
Courtesy lights operated by all four doors
Electric screen washers
Two-speed wipers
Reclining seats
Head restraints
Brake servo
Boot light
Reversing lights
Heated rear window
Seat belt warning light
Water temperature gauge
Driver's door mirror
Hazard flashers
Laminated windscreen
Radio aerial and speaker
12.5 gallon fuel tank
Through flow ventilation
Wood veneer fascia
Loop pile carpet
Inertia reel front seat belts
Steering column stalk controls

Dolomite 1500

1493cc twin carburettor engine, maximum mph—91, 0.60 mph in 13.2 secs*
Corded brushed nylon trimmed seats
Courtesy lights operated by all four doors
Electric screen washers
Two-speed wipers
Reclining seats
Head restraints
Brake servo
Boot light
Reversing lights
Heated rear window
Seat belt warning light
Water temperature gauge
Driver's door mirror
Hazard flashers
Laminated windscreen
Radio aerial and speaker
12.5 gallon fuel tank
Through flow ventilation
Wood veneer fascia
Loop pile carpet
Inertia reel front seat belts
Steering column stalk controls

Dolomite 1500 HL

1493cc twin carburettor engine, maximum mph—91, 0.60 mph in 13.2 secs*
Four headlights
Height adjustable driver's seat
Adjustable steering column
Warning lights for handbrake, choke, low fuel level
Clock
Battery condition meter
Tachometer
Rear centre armrest
Black wheel trims with chromed nuts
Sports steering wheel
Black vinyl rear ¼ panels
Matt black sills and rear panel
Cigar lighter
Twin tone horns
Centre console
Corded brushed nylon trimmed seats
Courtesy lights operated by all four doors
Electric screen washers
Two-speed wipers
Reclining seats
Head restraints
Brake servo
Boot light
Reversing lights
Heated rear window
Seat belt warning light
Water temperature gauge
Driver's door mirror
Hazard flashers
Laminated windscreen
Radio aerial and speaker
12.5 gallon fuel tank
Through flow ventilation
Wood veneer fascia
Loop pile carpet
Inertia reel front seat belts
Steering column stalk controls

Dolomite 1850 HL

1854cc twin carb OHC engine, maximum mph—100, 0.60 mph in 11.5 secs*
Tinted glass
Coach line
Front spoiler
Rear anti roll bar
Four headlights
Height adjustable driver's seat
Adjustable steering column
Warning lights for handbrake, choke, low fuel level
Clock
Battery condition meter
Tachometer
Rear centre armrest
Black wheel trims with chromed nuts
Sports steering wheel
Black vinyl rear ¼ panels
Matt black sills and rear panel
Cigar lighter
Twin tone horns
Centre console
Corded brushed nylon trimmed seats
Courtesy lights operated by all four doors
Electric screen washers
Two-speed wipers
Reclining seats
Head restraints
Brake servo
Boot light
Reversing lights
Heated rear window
Seat belt warning light
Water temperature gauge
Driver's door mirror
Hazard flashers
Laminated windscreen
Radio aerial and speaker
12.5 gallon fuel tank
Through flow ventilation
Wood veneer fascia
Loop pile carpet
Inertia reel front seat belts
Steering column stalk controls

Dolomite Sprint

1996 twin carb engine 16 valve OHC, maximum mph—115, 0.60 mph in 8.7 secs*
Overdrive
Vinyl roof
Cast alloy road wheels—175.70 x 13 low profile tyres
Tinted glass
Coach line
Front spoiler
Rear anti roll bar
Four headlights
Height adjustable driver's seat
Adjustable steering column
Warning lights for handbrake, choke, low fuel level
Clock
Battery condition meter
Tachometer
Rear centre armrest
Sports steering wheel
Black vinyl rear ¼ panels
Matt black sills and rear panel
Cigar lighter
Twin tone horns
Centre console
Corded brushed nylon trimmed seats
Courtesy lights operated by all four doors
Electric screen washers
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*Source: Leyland Cars estimated figures

HOME NEWS

Freight group urges debt relief after £31m. loss

ARTHUR SMITH

THE NATIONAL FREIGHT CARRIERS' ASSOCIATION (NFA) has disclosed in its annual report, published last week, that reconstruction would be "very difficult" to finance. The chairman, Daniel Pettit, the chairman of the NFA, said the association has to borrow money to meet its obligations. "Interest on former debts is a heavy burden," he said. "The only way in which it can be restored."

Inchcape plea to EEC on shipping

Inchcape plea to EEC on shipping

By John Wyles, Shipping Correspondent

A PLEA for shipping to be free of detailed regulation by the EEC was issued yesterday by Lord Inchcape, the incoming president of the General Council of British Shipping.

In his presidential address to the GCBS annual general meeting, Lord Inchcape, chairman of P and O and of Inchcape and Co., pointed out that EEC thinking on shipping policies was still at a formative stage.

He held up American shipping, "protected, regulated and priced out of the world shipping market" as an example to be avoided.

From the point of view of the Community as well as of the U.K., shipping should be treated as a world-wide industry and outward looking policies are needed to keep EEC countries' shipping industries healthy.

The balance of payments importance of shipping must always be borne in mind. Lord Inchcape said emphasising that "it is a vital element in foreign trade, rather than as a mode of transport that we British have always seen shipping."

Lord Inchcape succeeds Mr. Tim Bolton of the Bolton Steam Shipping Company, a GCBS president.

His successor as vice-president is Mr. Peter Walters, a managing director of BP with special responsibilities for shipping chemicals and oil supply.

'Motorcycle plant re-opens Monday' announcement to-day

BY PETER CARTWRIGHT

THE NORTON VILLIERS motorcycle and industrial engines plant at Wolverhampton is to be re-opened by the liquidator on Monday, a meeting of the 600 former employees who have been picketing the plant since it was closed in August will be told today.

The only concession the committee has made is to allow orders for police authorities which largely rely on Norton Commandos to be completed.

Nearly 100 machines had been built in recent months for various police forces and, while it should be possible to complete many more, the inevitable question mark against the future security of supplies will not encourage new orders.

Work for 200

However, the reopening of the plant should provide some comfort for customers who have been without spares for 10 months. At the same time, the removal of the pickets should make it less of an ordeal for intending buyers, who will also be able to see parts of the factory at work.

Probably fewer than 200 people will be needed for the limited operation in prospect, but work should be available for several weeks.

Hopeful

To hasten a decision by a potential buyer, Mr. Kenneth Morgan, of Mann Judd, the liquidator, put a deadline of June 6 for completion of formalities. Much had been promised, but none had put money on the table.

The action committee is still hopeful that a so far undisclosed



Mr. Freddie Laker, chairman of Laker Airways, went to the High Court yesterday to seek a declaration that Mr. Peter Shore, the former Trade Secretary, acted illegally when he revoked Skytrain's licence.

Mr. Laker spent \$71m. on three DC-10 aircraft for Skytrain and there will be no compensation, Mr. Andrew Bateson, QC, acting for Mr. Laker, said.

for Skytrain in September, 1972. Mr. Laker then had a two-year fight to get the approval of the U.S. Civil Aeronautics Board.

In December, 1974, British Airways applied "out of the blue" to the Civil Aviation Authority to have Skytrain's licence revoked.

The Authority refused, saying that Skytrain was "a bold and far-sighted experiment," but because of the economic situation it ought not to start operating until early this year, said M. Bateson.

But it was not all gloom in 1975. Among the many successful companies the British Road Services group achieved record turnover and profit, at £70m. and £2.84m., respectively.

Growth was continuing in the current year and profits could be "considerably better," Sir Daniel said.

Last year, many sectors of the corporation's business were faced with a 25 per cent. fall in traffic and fierce competition from other operators.

Higher capital reserves were needed to promote innovation and the development of new business, said Sir Daniel. "An under-capitalised corporation is forced to service an increasingly heavy financial burden of past obligations imposed by statute or by outmoded previous practices and precedents inherited at our inception."

Coopers and Lybrand is examining a range of options for National Carriers, the former British Rail Sundries Division which has not made a profit since the corporation was set up.

Many alternatives are being considered between the two extremes of complete closure—redundancy costs alone would be about £65m.—and a major investment programme in new and competitive services.

A substantial injection would be necessary to rationalise the network of some 100 warehouses, many of them old-fashioned and geared to an outdated rail system.

In the first months of last year the unreliability of train services was a "defensive action" taken by Carriers last year involved a cut of nearly 1,800 in the workforce and reductions in vehicles and depots. But this could not be done quickly enough to keep pace with the loss of business.

Coopers and Lybrand is also investigating the Freightliner system to see whether the investment necessary to maintain the business is justified.

The federation has asked non-members to adopt the scheme and display its symbol in their windows.

Companies representing more than 5,000 shoe shops, including the big chains have agreed to honour the code.

Like the nine other codes negotiated by the Office of Fair Trading, that for shoes lays down a procedure for dealing with complaints. In a dispute the customer can send the shoes to a new testing centre established by the federation and administered by the Shoe and Allied Trades Research Association. A £2 fee will be charged, and the money will be refunded if the complaint is upheld.

The code encourages manufacturers and importers to use the testing facilities offered by the research association before ordering shoes in bulk. Retailers have agreed to label shoes to show whether the uppers are leather, and to provide customers with more information on care of shoes. They have undertaken to quote all prices inclusive of VAT, and to supply fitting facilities for children's shoes.

Shoe shops agree on conduct codes

ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

PS SELLING more than the shoes in Britain have agreed a voluntary code of conduct covering pricing, labelling, complaints-handling procedures for shoes. The code was agreed yesterday by Mr. John Pettit in his last formal capacity as director-general of Trading before taking up new duties as director-general of the Federation of British

sees have consistently been an ally for consumer rights. Shortly after taking office in 1973 Mr. Pettit asked the industry to permit it to adopt a new code of conduct.

He said that in view of "unusually high" levels of complaints about footwear in Britain, it was "particularly important to see a positive step taken by the industry to its customers a better code has been agreed by the Federation of British Shoe Manufacturers, which represents multiple retail chains, as the British Shoe Corporation, wholesalers, and some in-

Scottish insurance fears of devolution effects

ERIC SHORT

ABOUT the effects of devolution on the Scottish insurance industry were expressed yesterday by Mr. J. H. Stuart, chairman of the General Fire and Life Assurance Corporation, at the Perth Evening Express. The inevitable effects of devolution, whatever form, could put the competitive position of the industry in jeopardy, he claimed.

Mr. Stuart said that even if Scottish companies were to be restricted to the territories in which they have been established, the inevitable effects of devolution, whatever form, could put the competitive position of the industry in jeopardy, he claimed.

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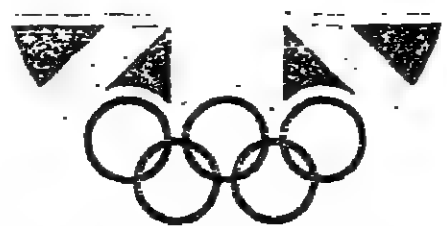
Mr. Stuart said that even if Scottish companies were to be restricted to the territories in which they have been established, the inevitable effects of devolution, whatever form, could put the competitive position of the industry in jeopardy, he claimed.

Sheer energy, from Mr Cube.

Granulated Sugar	157 calories per penny
White Bread	116 calories per penny
Butter	104 calories per penny
Cheese	40 calories per penny
Pork Sausages	40 calories per penny
Potatoes	35 calories per penny
Fried Bacon	34 calories per penny
Roast Sirloin Beef	17 calories per penny
Grilled Cod Fillets	12 calories per penny

These figures are based on the 1975 calorie values given in "The Composition of Foods", published by HMSO for the Medical Research Council, and (2) the Average Retail Food Prices in the United Kingdom for 13 February 1975, published in the Department of Prices and Consumer Protection.

SUPPORT THE BRITISH OLYMPIC APPEAL FUND



For sporting success, you need a balanced diet — and loads of energy. As everyone does, every day of their lives.

And one of the cheapest ways of getting the energy you need is with Tate & Lyle's pure, British-refined sugar. Just look at the energy-per-penny table and you'll see what we mean.

Incidentally, Redpath Sugars Limited, Tate & Lyle's subsidiary in Canada, is official supplier of sugar to the 1976 Olympic Games.



TATE & LYLE

TATE & LYLE REFINERIES LTD.

BY C. P. SNOW

Proust, a drawing by André Szekely de Dobó

Not only with this simple, though very bright, village girl, but with the most cleverest, and even the most astute, people in France. If one read only his letters, which are often sickeningly sceptical or repudiating - self-praising, this extraordinary impact would be something of a mystery. But read his book. He was one of the subtlest and most amusing of writers, certainly the most amusing of the century. He was a man of the most of the clearest, with an astonishingly flexible intelligence. All that must have been evident in the flesh: in addition he was the most expert tactician of any man of his time. He was a man who would not often be at the most flustered by one of the cleverest men extant is slightly too bleak to be true.

BY JUREK MARTIN

impect they will have on it elaborate this year, while Democrats have not yet even formulated their theses, therefore to raise the spectre of Watergate for Nixon.

And whatever lingering doubt persist about the style of Woodward and Bernstein was adopted, it remains a total success. The book is a triumph. The insider will be fascinated to learn the degree of co-operation obviously provided from diverse set of sources as Dave Eisenhower and Fred Schwarz, the president's press secretary, and the Republican faithful, frustrated by the suspicion that General Haig himself has not come entirely clean, but he will learn much about Haig. He will also discover how inadequate

BY ISABEL OUGLY

'Girl in Bed' by Lucien Freud (1952) - a portrait of Caroline Blackwood

that comes from attitudes, not books; and observations of such exactness they warm the watcher with recognition of what's observed.

Richard Brautigan writes with much charm and singularity, though Willard and his *Bowling Trophies*. Is this stuff, as if he were skating along on his silent and relying too much on the charm. A pair of sado-masochists and a trio of brothers called Logan are unconnected with the former, the latter being the murder of the first. The search for some lost brother, mates; but none of this one feels matters particularly to the novel except as a kind of fantastic cake-melting of words and American dreams. Like Caroline

Blackwood or Anne Tyler's writing it looks easy but unlike their novels (amiability notwithstanding) this particular one of his doesn't add up to much.

Marc Brandel's *Surecolor* is a riveting thriller about a painter. His lost paintings are the searches, murders, people and horrors they invoke in a world where paintings are worth millions. From New York to London to various places in France to Mexico City, everywhere is beautifully recognisable — the night smells the vivid atmosphere of each.

Macabre

BY JOHN DUNSTAN

Lovecraft: A Biography by L. Sprague De Camp. New

English Library, \$5.75 \$10.00
pages

in the 20 years of his writing life, Howard Phillips Lovecraft (1890-1937) established himself as a master of the macabre who even now has few equals. His stories published in his own magazines to his perfection, his powerful influence on the horror genre is incalculable. Frequently compared to his fellow-American Poe, his reputation can rest on 15 or 20 stories, all thickly atmospheric and of astonishing verbal scope — the "The Hound of Chert" and "At the Mountains of Madness" — and Lovecraft's life is a horror story in its own right. His father and mother died insane. Brought up as a girl in an atmosphere of cold and mother-love, the child was isolated and grew into a recluse, even to the point of

BY RICHARD OLLARD

Next to Shakespeare was there - ever an English writer whose total experience from the slightest to the deepest was more present to his consciousness, or, at least, more directly rendered?

The themes that rise especially into dominance in this period are Pepys's growing anxiety about his eyesight, his disenchantment with the King and the regime in general, his

the cyclonic rows with Elizabeth after she caught him with Pepsy in *flagrant delicto*.
 In its measured dying fall there are echoes of the diary's earliest and perennial themes, an improper encounter with Mrs. Mitchell, a final head-shaking with Sir William Coventry, now fallen from office. Cover the disastrous preform of courtiers and gentlemen above the bred seamen. The appearance of the very last God, Sir Edmund Bury Godfrey, whose murder nine years later was so nearly to bring Pepsy to the block, is one of the few strokes that must be held adventitious.

U.K. ECONOMIC INDICATORS

		1976			1977		
		Apr.	Mar.	Jan.	Apr.	Mar.	Jan.
Trade and							
Industry		114	114	114	114	114	114
Cars*	'000s	104.9	121	114	114	114	114
Comm. vehicles*	'000s	29.19	32.5	31.1	33.3	34	34
Imports f.o.b.	\$bu.	2,294	1,822	1,619	1,690	1,74	1,74
Exports f.o.b.	\$bu.	1,949	1,906	1,947	1,896	1,84	1,84
Visible trade							
balance	\$bu.	-2,385	-0.16	-1.77	-0.304	-0.24	-0.24
Steel (weekly)							
average)	'000 tonnes	457.4	455.6	458.4	458.4	471	471

Household	Jan.	Feb.	Mar.	Apr.	May	June
Bricks.....	millions	492	494	451.6	386	362
TV sets**	'000s	205	472	184.3	302	279
Radio, radio-						
Gramett.....		492	494	369	362	362
Refrigerator**	1970-100	156	156	181	185	185
Hosiery**	1970-100	51	90	86	86	86
Cement (weekly						
average)*	'000 tonnes	330	352	289	338	338
Man-made						
fibres*	m. kgs.	84.1	52.3	53.3	44.2	44.2

		Feb.	Jan.	Jan.	Feb.	Feb.	Jan.
Petroleumt	m. tonnes	7.414	7.133	7.27	7.23	7.7	7.4
Elec. cookers f	'000s	58.0	62.2	75.1	77.0	77.0	77.0
Washing machns.	'000s	96.2	70.0	82.1	85.9	85.9	85.9
Machine tools	'Em.	27.3	27.2	27.5	27.2	27.2	27.2
Raw cotton	'000 metric						
(weekly av.) ...	tonnes	2.37	2.39	2.18	2.13	2.13	2.13
Raw wools	m. kilos	8.6	10.0	9.6	9.1	9.1	9.1
		1976	1975				1974

Engurg. orders on hand)** ...	1970 = 100	Jan. Dec. Jan. Dec.				D
		87	99	111.3	125	1
		1976	1975			15
		1st qtr.	4th qtr.	1st qtr.	Year	Yr
Consumer pending Motor roads	Ebn. 1970 values	8,870g	8,894	9,041	35,413	354

turnover	1972=100	165	133	137	142.2	119
			1975		1974	
			Year			
			4th qtr.	3rd qtr.	to date	4th qtr. Yr
Sdg. and civil engineering* c	\$bn.		2.983	3.066	12.017	2.556 10.1
Production, † Deliveries, ‡ Net sales, § Consumption. ** Seasonal						

adjusted. †† All manufacturing industries. ‡ Excluding car radi
\$ Deliveries, U.K. made and imported sets. b From May, 19
onwards, new basis of calculation refers to advances to U.K. pub
and private sector. Historic figures on new basis not availab
Prices. † Including cooker grillers toasters. c Value of outpu
United Kingdom not seasonally adjusted. g First prelimina

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Macabre manner

BY JOHN DUNSTAN

Lovecraft: A Biography by L. Sprague De Camp. New English Library. £5.75. 510 pages.

In the 20 years of his writing life, Howard Phillips Lovecraft (1890-1937) established himself as a master of the macabre who even now has few equals. Scarcely published in his own lifetime, he has since exerted an influence on the horror genre, perhaps compared to his fellow-American Poe, whose reputation can rest on 15 or 20 stories, all thickly atmospheric and of astonishing verbal scope—among the best of them, "The Hound," "The Thing in the Mountains," and "At the Mountains of Madness."

Lovecraft's life is a horror story of its own. His father and mother died insane. Brought up as a girl in an atmosphere of depression and mother-love, the child, isolated child, grew into a recluse, even to the point of

ards of his Providence, Rhode Island, birthplace. Eking out an unhappy if appropriate existence as a ghost-writer, he sought to enlighten his imaginary readers, his prejudices notwithstanding, sometimes reaching near-mad intensity.

Yet in this "casebook case" he clings to Lovcraft's distinctive literary statement. By putting his neuroses and nightmares—always more real to him than the world—into fictional characters, he could "reach" readers in his readers' psyche. His depiction of man as helpless before the face of malign cosmic terror can fairly be said to spring from his own sense of futility; his inability to implant fear, and his explanation why in his stories, his conversation is almost nonexistent and his human characters seem mere marionettes.

From wine, not necessarily to
 the drunk all at once. He is as
 dissipated as, say, Byssmians,
 with his 100,000 letters, from
 which De Camp quotes exten-
 sively, and into the history of
 the world they reveal Love-
 craft as a 20th century man.
 They also reveal a repellent
 Bryanism, which has done his
 reputation much harm.
 De Camp's account of Love-
 craft's disastrous marriage to the
 energetic New York writer Susan
 Greene, and of his unusual
 friendship with the English
 -bomys up the middle of the
 book, where otherwise endless
 trivia become tedious. His out-
 line of the early influences on
 his summation are best. He
 arouses pity for the man who
 was the author of "The
 Geography of Torrance" and
 will be for long the last word
 on this narrow subject. Though
 it would have been more vivid

	£bn.	1st
Consumer spending	1970 values	8.5
Motor trade turnover	1972=100	1

	£bn.	4th
Gldg. and civil engineering* ‡		2.9

* Production. † Deliveries. ‡ Net sales adjusted. †† All manufacturing industry Deliveries. U.K. made and imported. ‡‡ New basis of calculation for public and private sector. Historic figures. Prices. † Including cooker grills. United Kingdom not seasonally

1975		1974	
qtr.	4th qtr. 1st qtr.	Year	Yr
1976	8,804	9,041	35,413
1978	133	137	142.2
1975		1974	
Year			
qtr.	3rd qtr. to date	4th qtr.	Yr
1976	3,056	12,017	2,536

es. & Consumption. ** Seasona
 dustries. || Excluding car radi
 sorted sets. b From May, 19
 orted to advances to U.K. pub
 es on new basis not availab
 or transfers. c Value of outpu
 adjusted. g First prelimina

Coincidentally, it's a Bank Holiday.

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The Marketing Scene

Y & R adds promotion company

BY ANTONY THORNCROFT

YOUNG and Rubicam has acquired the international promotion company Cato Johnson Associates. In the past Y and R has had a very significant presence in London but the addition of Cato Johnson, which operates in Cincinnati, New York, Brussels, Paris, as well as London, gives it much stronger world-wide reach.

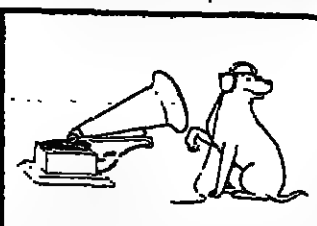
Perhaps the most impact from the merger will be obvious in London where the 25-strong Cato Johnson office, with its big-toys design, will move to Y and R's promotion company, H Marketing Services, which has the same number of staff concentrated on consultancy work with long-term clients. The new company will be known as Y and R Johnson GLH, and with a billing equivalent of £4m, and a strong staff, it will be easily a large exclusive sales promotion operation in the U.K.

The injection of new blood is only for GLH which recently lost its managing director, Peter Hood and two other executives left to set up their own promotion company, around the same time two major clients, Golden Wonder and Typhoo cancelled their long-term contracts.

But Jim Young, who becomes chairman and managing director of Cato Johnson GLH, says the company is reorganised well, even before the merger, which takes effect June 19th.

Young and Rubicam's purchase of Cato Johnson is similar to its acquisition of Wunders, the direct marketing company, and a medical agency in the U.S. New sales promotion fees: attached to Y and R agencies, are planned for Milan in September, Frankfurt next autumn, and for Amsterdam.

Mac Cato, president of Cato Johnson, gets the job of co-ordinating Y and R's international below-the-line activities, while Gerry Postlethwaite, present managing director of Cato Johnson, will supervise the European operation from London, part from consultancy and design the new company intends to build up its office in visual and advertising expertise.



HMV dog barks back

BY ANTONY THORNCROFT

EMI is to launch an intensive three-week, £40,000, TV and radio campaign for its HMV record shop in Oxford Street, the largest record shop in Europe with annual sales of around £4m. The advertising is designed to hold the shop's position in the face of the discount records sold by W. H. Smith, Boots and Woolworths, which between them have captured a third of all record sales by their price cuts of around 60p on best-selling LPs.

The HMV shop, which heads a chain of 35 small branches, has avoided discounting, but this policy, along with the general slackening in record sales, has meant a stabilised turnover after years of steady growth. The advertising, which will be carefully monitored by the hour to evaluate its effectiveness, is designed to provide a 15-25 per cent increase in turnover, if a worthwhile rise in sales is achieved the advertising will be continued.

It has been devised by the Creative Business, using an animated HMV dog drawn by Richard Williams. The campaign has been placed by Chris Ingram's independent media consultancy. The advertising aims to sell more middle-of-the-road and pop records, in particular to

housewives who visit Oxford Street for shopping. The copy stresses the enormous stock at the shop—25,000 titles as against 1,000 or less in the discount outlets.

EMI is perhaps encouraged to promote its main specialist outlet by the fact that in the U.S. specialist record stores, often on the edge of town, are gaining back business from discount outlets. The public seeks a wider choice of music. EMI is, in fact, examining the prospects for similar large shops to Oxford Street to be set up in Manchester and Birmingham.

The Creative Business has worked for EMI in the past on promoting individual records and reflects the company's ad hoc approach to buying creative talent. It has just added Collette Dickenson Pearce to its agency list, giving it the task of devising a TV campaign for a Beach Boys LP, its first venture into the compilation album business, which has so stirred up the record industry in recent years.

The HMV shop is very much the EMI flagship, accounting for almost two per cent of the U.K.'s total record and tape sales. It has 100,000 customers a week, a quarter of them foreign visitors. There will also be in-store promotions, and to make sure the staff were invited to a pre-campaign party and presentation.

Gain for Waseys

WASEYS, which last week lost around £750,000 of Carnation Foods business, has gained almost as much this week from Nestlé. It is taking on Nescafé Fine Blend coffee, worth £350,000 from its fellow Interpublic agency, McCann Erickson, and will also advertise Branston pickles for Nestlé. The coffee nicely replaces Carnation Coffee Mate brand. But the agency also loses an account, the National Giro, which goes to Royds in Manchester, close to the Giro headquarters.

THE INDEPENDENT Local Radio revenue for April again topped the million mark at £1,275,338. This brings the total for the first four months of 1976 to £3,905,528, a 10 per cent increase over the corresponding period of 1975.

CONOCO, the oil company, is carrying out a pilot TV campaign "The power behind Jet"—its retail petrol brand. Gordon Proctor and Partners handles the account.

GLOBAL Tours, part of the GUS Group, has appointed W. S. Crawford to handle its £250,000 account.

HADDONS WPT has appointed Lawrence Pratt as Creative Director. Kenneth Smith, creative director for the last two years, is returning to Malaysia as creative director for Walter Thompson.

MICHAEL YOUNG becomes managing director of Deltakos (U.K.), J. Walter Thompson's pharmaceutical subsidiary, as from June 1. He takes over from Dr. Philip Brown, who will however remain on the board.

PUNT e Mes is the latest product to use stations forecasts for promotion. A quarter of a million commuters around London will be offered an evening nip of the Italian aperitif at 19 stations, with a finale later in the summer on the concourses at Waterloo and Marylebone. In addition to the free testing 20p off coupons will be handed out.

PEARL AND DEAN, the leading cinema advertising contractor, is offering advertisers a series of cinema packages. Customers can now have their commercials screened solely in holiday resorts, in towns with large communities of the armed forces, in TV regions, and the West End of London.

Enter the heavies

THE LONDON Communications Consortium on the face of it is just another anonymous name but behind it lies some heavy-weight marketing talent: David Kingsley, a founder of agency Kingsley Manton Palmer which became Kimbar, Len Heath who added the H to KMPH, Lord Lyons (ex Dennis) a former managing director of Infoplan, and possibly slightly less well known, Denis Carter, an accountancy-based former, and Eric Parsloe who has had his own communications company for some three years.

Consortium it is, however, for what has happened is that the five have set up an office in Chancery Garden, London, where

the overheads are shared. When one member wishes to draw on the expertise of another then they pay each other on a consultancy basis. They are definitely not in advertising and each has his own company. Len Heath's company is Bassett Communications, there is Kingsley and Kingsley and Eric Parsloe and Co., Denis Carter's company is AKC and Lord Lyons has several titles.

The consortium officially came into being in February and the idea is that each member actively seeks projects in which one or more of the others might sensibly be involved. So far there is work for Chrysler, Zambie, a Japanese trading group and the question of how to market rape seed.

Selling in the Gulf

BY DOINA THOMAS IN BAHRAIN

ALTHOUGH the vast bulk of I.K. exports to the Arab States of the Gulf are either technical goods or capital equipment, the consumer goods market is of growing importance as the local standards of living and patterns of consumption increase.

And consumer goods means the ordinary everyday packaged products, washing-up liquids, soap powders, packet soups, processed meats, shampoos, cosmetics and frozen foods, and so on, rather than the odd solid gold bauble.

The marketing of consumer goods, as it is understood in the west, is only just beginning, such the various States are at different levels of sophistication, with being probably the most advanced and following the western pattern.

In promoting car sales for example, one Kuwaiti distributor offered customers the chance to a free holiday, an Abu Dhabi distributor held a well publicised and attended exhibition and in Bahrain the occasional discreet offer saying "another car" in Mohammed Jafar is seen.

retailing generally, however, concepts of display and merchandising have not yet taken hold (with the notable exception of the Jashanmal chain department stores and one Ashraf shop with food hall in Bahrain and Spinneys and a supermarket elsewhere).



Edmond Mourran

getting stock in rather than selling stock out.

"The average agent or merchant in the Gulf still needs to be convinced about the benefits of advertising and public relations," comments Edmond

Mourran, Bahrain manager of Intermarkets, the Beirut based agency with offices in Kuwait, Dubai and Bahrain. But, as Abdusabir Al-Shoala of Gulf Public Relations, Bahrain, points out, as the merchant's business grows larger they tend to employ expatriate managers (often British) who are accustomed to competition in the marketplace and the back up of advertising and public relations agencies.

One peculiarity of trade in the Gulf States, which hinders the development of advertising and in-store merchandising or promotions, is the tendency for retailers also to hold agencies. This is particularly true of food and pharmaceuticals, and while the food store will also act as a wholesaler for his principals, the distribution of ethical and proprietary pharmaceuticals is often limited to the agent's own shop. Batchelor's has just introduced in-store promotions to the Gulf supermarkets with its Cup-a-Soup line, though some retailers needed a lot of convincing that this product would not harm the canned or packaged soup sales for which they held agencies.

As point of sale promotion is the only truly feasible form of advertising in Saudi Arabia, this makes marketing quite frustrating at times.

For those merchants who have become convinced of the value of advertising—or who have been pushed into it by their principals—there is a wide variety of media and an increasingly competent advertising and public relations sector. Given the small populations, the States have almost an excess of newspapers—even Oman, where mass education has only been available since 1970, supports four Arabic language weeklies and one English language paper. And there is commercial TV, colour or black and white in Bahrain, the United Arab Emirates and Kuwait (broadcasts can be received far and wide).

TV is widely reckoned to be the cheapest and most effective advertising medium, with the cinema following a close second though considered particularly effective for reaching the Asian market. Kuwait commercial TV heavily oversubscribed and time is apportioned by allotment. But in Bahrain and Dubai (the second state of the UAE) the position is easier. There are about six-eight minutes of advertising time per hour at the moment but there is little research into viewership. Most media research in the Gulf is a matter of applied intelligence through one Bahrain based agency, Gulf Publicity Services, which now offers a market research facility.

"The Press scene in all the States is sad," comments one advertising man (anonymous, naturally). "In the only truly professional paper, the Gulf Weekly Mirror, one cannot get near the Gulf, presenting this space." This means that Press advertising campaigns are often diffuse, switching from paper to paper, and thus losing impact. A boost has recently been given to the Press by the banning of cigarette advertising

from Bahrain TV—but how much longer cigarettes can use even newspapers is a moot point, and liquor, of course, cannot be advertised anywhere, though it is available retail in Europe in all States except Kuwait.

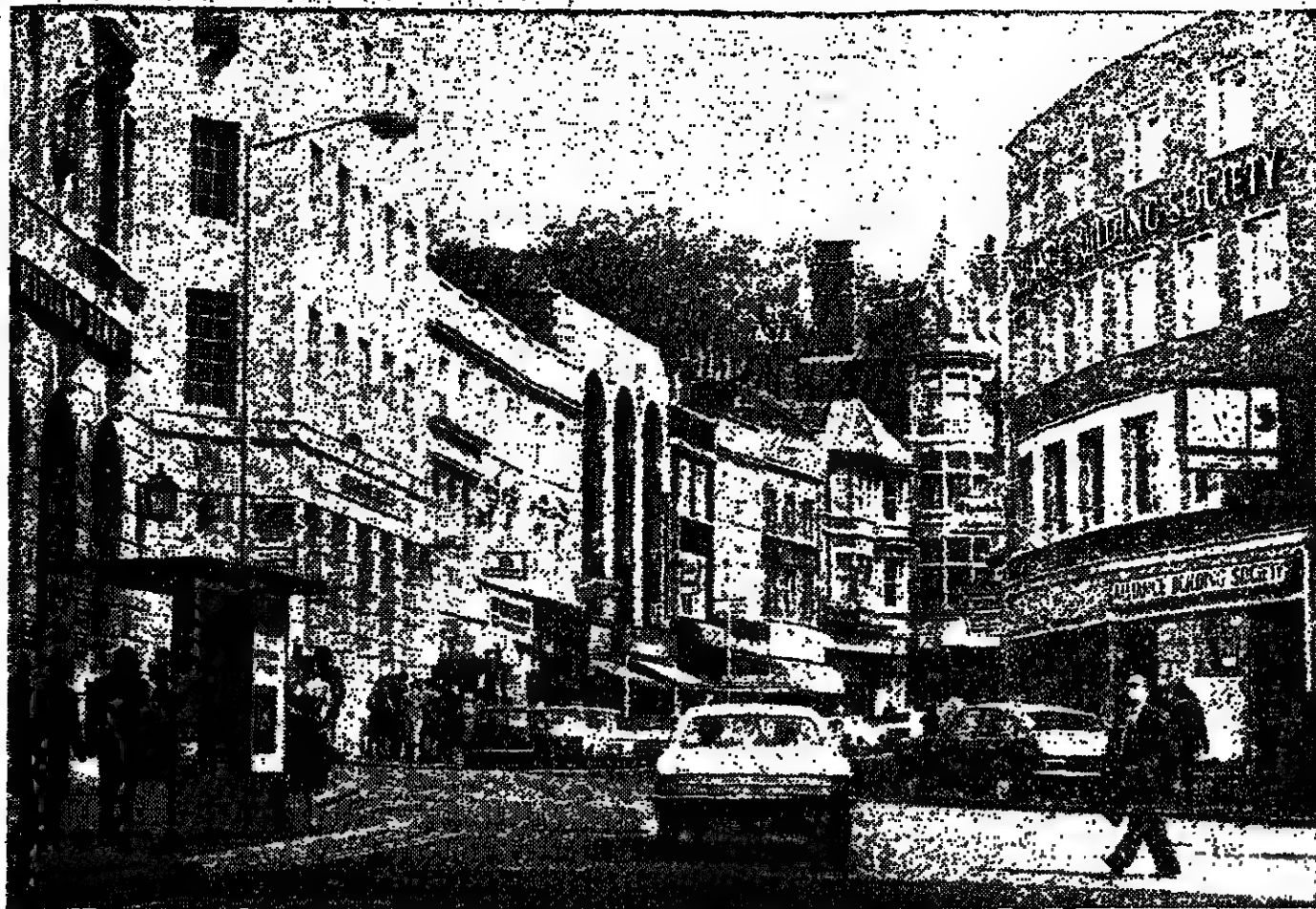


Stefan Kemball

Qatar and Saudi Arabia. "The paper is now at a watershed," comments Stefan Kemball, editor of the Gulf Weekly Mirror. It has reached a print run of 11,000 and thus a claimed circulation of 10,000 for a 40-page paper which is set and corrected on one ancient Linotype. Advertising has to be booked a fortnight in advance. The Thomson Organisation has recently studied the paper and its market and a decision on expansion should be taken in the next couple of months. The decision has to be taken between going daily, probably not feasible given the capital investment in plant and staff that would be necessary, or bi-weekly, which is more likely even though for both courses the question of fast distribution is a major headache.

But if the papers have their problems in the Gulf, the advertising agents are doing nicely. Intermarkets expects its billings to reach £700,000 or so this year, three years in existence, and its Dubai office, only open for two months, is already likely to bill £400,000 for the year at the present rate. Gulf Public Relations is only two years old but trebled its billings last year to reach around £400,000. The McCann-Erickson office in Bahrain is "doing nicely" though its Kuwait office has larger billings servicing Lockheed and General Motors accounts.

Both the Arab agencies have similar links with London agencies. Intermarkets is linked with now offers a market research facility, with Foote, Cone and Belding for British Airways, J. Walter Thompson for Cable and Wireless, and it has just won the Rowntree's account. Various London-based agencies have been to the Gulf, presenting this lucrative new market—what has frightened most off is the expense of setting up. It now costs around £30,000 per executive year for house and salary; the office and communications costs have to come on top of that.



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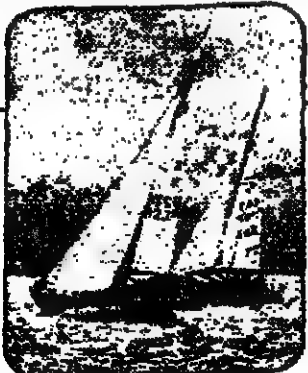
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THURSDAY, MAY 27, 1976

Talking about Stage Three

THE MAIN reasons for the changes in the National Institute's economic forecasts since last February are two factors which it could not then have foreseen—the size of the Budget tax reliefs, including those which are conditional on TUC acceptance of the Stage Two limits on pay increases, and the sharpness of the fall in the exchange rate. It now expects inflation to be greater (consumer prices 14½ per cent. higher at end-1976 against 10½ per cent., and 8½ per cent. higher at end-1977 against 6 per cent.), but the balance of payments to improve more after an intermediate dip (the deficit almost eliminated by the last quarter of 1977) and overall growth (due mainly to stock building and exports) to proceed at an annual rate of some 3 per cent. It expects private consumption to remain flat, industrial investment to rise only modestly next year, and unemployment to level off during this year and to fall to just over 1m. by end-1977. The exchange rate is expected to fall still further, even if U.K. interest rates are raised to keep in line with those in the U.S.

There are two points where this forecast is particularly vulnerable to criticism. The first is that the Stage Two pay deal will restrict the rise in earnings to 8 per cent., 1 per cent. more than the Treasury estimate. There is clearly some risk that Stage Two will be considerably less successful in practice than Stage One. The second is the National Institute's caution about the prospect for exports.

Export orders
Yesterday's monthly report on industrial trends from the Confederation of British Industry shows a further sharp rise in the intake of orders, especially export orders: the percentage balance of firms reporting increased export orders has risen from 12 per cent. in December-January to 23 per cent. in February-April and now to 32 per cent., with only 15 per cent. reporting a fall. The question to which nobody can at present provide an answer is whether the statistics of idle productive capacity are reliable and whether industry will be able to take full advantage of an export opportunity provided by

Investment problems in raw materials

THE CHAPTER in the National Institute's Review on "Primary Products — prospects to 1985" may serve a useful purpose, even if all its estimates about the price of oil and manufactured goods are wrong. For it shows as well as anything that has been recently published the dangers of a confrontation between developed and developing countries. Indeed it does this a great deal better than most of the available literature—whether from the Third World or wherever—precisely because it is not committed and is not overtly political. Its points are made almost in passing.

"Doomsters"
As the author says, had a 1944 review of the mineral wealth of the U.S. been correct, that country would by now have exhausted its reserves of about 21 of the 41 commodities examined; yet, in fact, the latest estimates of proven reserves of most of these minerals are now higher than they were in 1944. So much for the "doomsters" who have dominated one side of the debate about the limits to growth over the past few years.

The prospect, according to the Review, is for no foreseeable shortage of any raw material whatsoever for the next decade or so. This is not, however, simply a vindication of those who wish to rely entirely on market forces. Ten years is not, after all, a very long time and it is clear when one seeks to look beyond it that there is a very serious potential problem. This concerns investment and it applies to agriculture almost as much as to hard commodities. In recent years, major new investment in metals and minerals has been virtually non-existent. The explanations for this vary according to their provenance. The major mining companies tend to say it is because

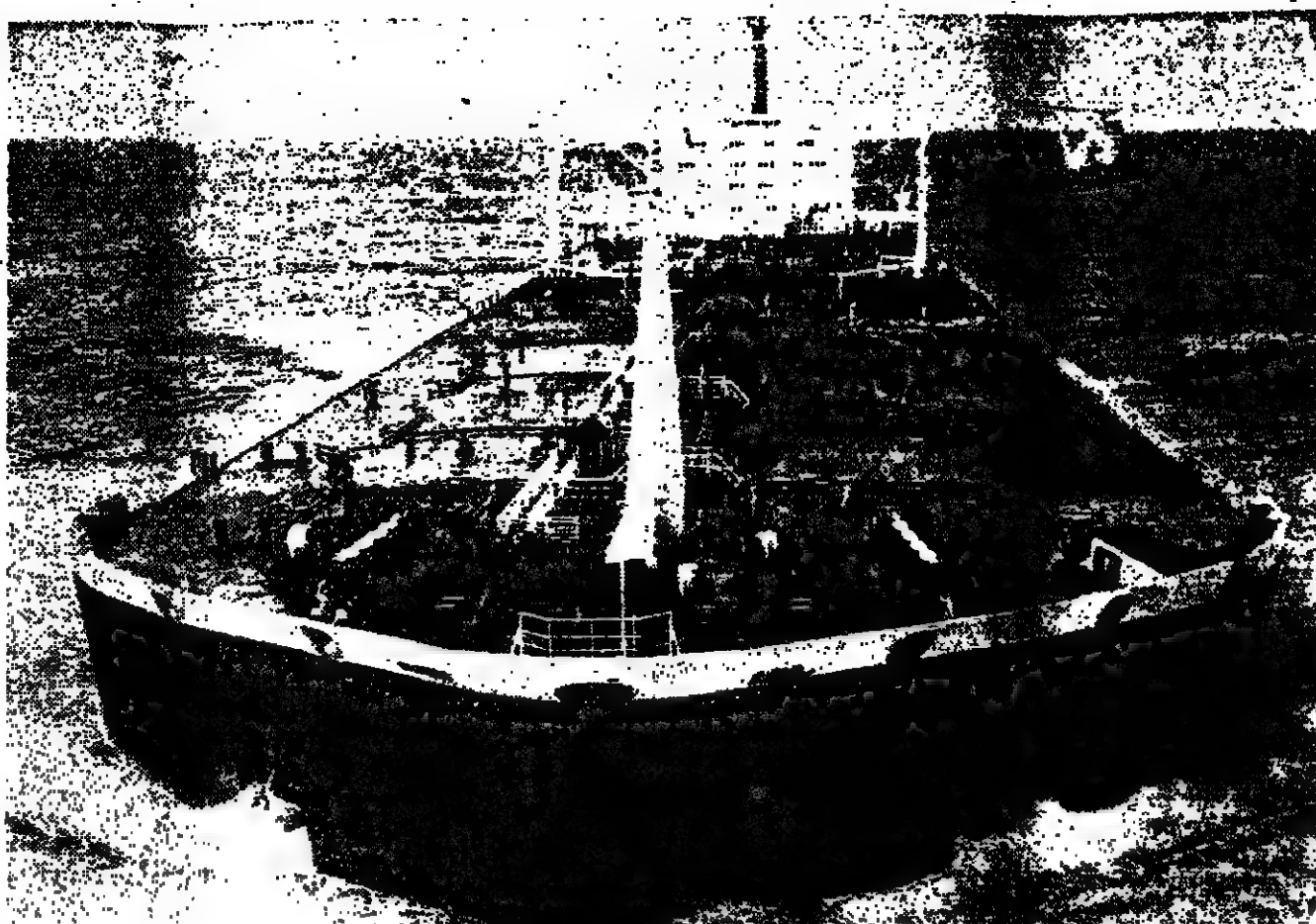
of the risk of nationalisation and the generally hostile climate in the developing countries, and certainly it is notable that what investment there has been has tended to go to areas considered "politically safe." The developing countries say that the multinationals exploit them and that there must be a new international economic order before anything can be done. It is essentially the one which is under discussion—in highly political terms—at the UN Conference on Trade and Development (UNCTAD) in Nairobi. If it is not resolved, however, then both sides will suffer, the developed and the developing. What investment there is will be concentrated in the safe areas, which are as often as not the developed countries themselves. Sooner or later, the reserves in these countries will become exhausted or exploitable only at very high costs—both economically and environmentally. The poor will stay poor, but the rich will face new problems.

Soluble
There is a similar, if smaller problem with agriculture. It is true that there has been a "green revolution" and that the world food question is theoretically solvable—but not for nothing. Exploitation of the new or so-called agricultural technology requires investment, whether simply in basic equipment, in irrigation schemes or in fertilisers which have themselves become increasingly expensive. If the investment is not forthcoming, the food revolution will be stopped in its tracks. That really is what UNCTAD is, or ought to be, about. The "doomsters" are wrong in investment in metals and minerals, but there is a danger that if there is no improvement in the climate for investment in the agricultural sector that includes aid—they will be proved right in practice.

An American bank faces suits from other banks for its handling of a loan to a Greek ship owner.

U.S. legal tussle raises basic banking issues

BY STEWART FLEMING AND JOHN WYLES



The starting point: Mino Colocotronis bought two Supertankers, slightly smaller than the one above, just in time for the slump in the tanker trade.

INTENSE INTEREST has been aroused in the international banking world by a burgeoning legal battle in the U.S. which raises fundamental issues relating to banking practices in general and shipping finance in particular. At the centre of the litigation is the European American Bank whose handling of loan arrangements for the Greek Colocotronis shipping group has prompted a number of other banks to file suits in the U.S. District Court for South New York.

Colocotronis ran into a severe liquidity crisis last year and was apparently unable to meet its obligations on banking debts of about \$310m. Some 50 European and American banks were involved in syndicates which had provided these loans and at the beginning of this year it was announced that a moratorium had been agreed on principal due to some of the banks.

European American Bank (EAB) which as a lead bank was involved in the moratorium negotiations, now faces suits filed by five banks, including the well known Fidelity Bank of Philadelphia. In connection with loans arranged for Colocotronis, the ramifications are international since EAB is the largest foreign-owned bank in the U.S. with its shareholders numbering Britain's Midland Bank, Deutsche Bank, Amsterdam, Rotterdam Bank, the French Société Générale de Banque, Banca Commerciale Italiana, and Creditanstalt Bankverein.

Among other things the suits raise the question of the liability of a lead manager of a group of banks, which have clubbed together to provide a single loan, for any losses which might be incurred on that loan by other members of the group. They also raise more acutely than ever the whole question of the reliance on "name" in lending or investment operations: one long standing tradition in financial circles, particularly in Europe, involves (among other things) being prepared to invest or lend funds on little more than the recommendation of a bank of high reputation; another which has been particularly associated with the U.S. involves greater reliance on documented information.

Troubled ship group

The documents filed with the U.S. District Court for South New York, attempt to restrict EAB's efforts to support the financially troubled Colocotronis group and allege that EAB misrepresented the shipping company's position and was negligent in syndicating loans to U.S. banks. The bulk of the allegations are made within the terms

of the 1933 and 1934 Securities Acts. They ask for repayment of about \$6m, which had been lent to various Colocotronis shipping companies. In total EAB has arranged \$100m. worth of loans for the Colocotronis companies; about 30 U.S. banks participated in the loans.

A major factor in Colocotronis' troubles was its ownership of two ultra-large crude carriers (ULCCs) delivered in 1973 at a cost of about \$50m. each. Ownership of the two supertankers was a new departure for Mr. Mino Colocotronis who had built up his 53-ship empire through the cautious acquisition of second hand cargo ships and smaller tankers.

But Mr. Colocotronis, in common with many other shipowners, was encouraged by the tanker boom of 1972-73 to place orders for the supertankers. By the time they were delivered the tanker world was in the thick of its deepest depression since the 1930s; eventually, one of the supertankers found a loss making charter for just 12 months while the other went into lay-up.

Around the world, bankers generally are now debating their responsibility for the current situation in which dozens of large shipowners are suffering a severe financial squeeze, or

trial of its case, it is claimed that EAB recently advanced "several million dollars" to shipping companies in the Colocotronis Group. The suit says that UVB was informed late last month (April 23-24) of this by EAB and was asked to stop EAB making any such transfers until the court action is completed.

UVB says in its filing that EAB has suggested that these advances would be repaid where possible from any charter hire monies earned by vessels owned by Colocotronis shipping companies, and that these repayments "would be prior to the satisfaction of interest and principal obligation to all banks owning participation in such loans."

European American, although well aware of the allegations being made against it, is also refusing to comment, saying that this is its policy irrespective of which side it is on in a legal action. The evidence currently available on the situation is limited to the documents lodged with the court by the plaintiffs which inevitably give just one side of the case.

The court documents however give some indication of the profound issues raised by the actions. In a suit filed by one bank, United Virginia Bank (UVB), which is seeking an immediate

Syndicated loans

Referring to the ships involved as collateral for its syndicated loans United Virginia says: "The threatened diversion without the consent of UVB of such charter hire monies as EAB might receive from the operations of the Audacious, illustrious, Champion, Pacific and Leader... would constitute an impairment of the security under the UVB participation agreements and is not permitted by the UVB participation agreements or by the 1934 loan

In its 18-page filing, the Detroit Bank alleges "fraud and deceit" in "planning" European American Bank's "engaged in acts, transactions and course of dealing as a result of which the plaintiff was wrongfully induced to join and retain said loan participation interest." The allegations state that EAB had a "duty" to keep the plaintiff advised of all material information relating to the security of the integrity of said loan. It then claims that EAB "clearly" that the Detroit Bank should rely on the fact that it had made a thorough examination of the Colocotronis Group and that the proceeds of loans would only be used for financing specific vessels in the loan agreements.

The suit goes on to state that in fact EAB did not make an adequate investigation of the Colocotronis Group, failed to obtain audited financial statements from each of the five borrowing companies or failed to disclose fully their contents. It alleges that EAB "had not adequately investigated and analysed the financial condition of the guarantors of said loans and was not in a position to determine whether the said guarantors had the means and ability to secure and assure repayment of said loans in the event of default."

Apart from the merit of the case, being brought, and only the courts in full possession of the various details are entitled to judge that—the case is building up into a major issue in international banking terms. Not only does it begin to shed some light on the complex and hitherto secretive area of banking loans to privately owned shipbuilding companies; it also raises complex issues about loan syndication. The legal status of syndicated loans—whether, for example, they are "securities" within the meaning of the U.S. Securities Acts—is of crucial importance to the cases being brought. Some lawyers point out that these acts were essentially designed to protect small, unsophisticated savers in the wake of the great crash, for the circumstances under which they were made, not intended.

It, however, the courts decide that in the U.S. at least such loans were securities, the suit by United Virginia judgment would have wide implications for funds names Deutsche Bank, which holds 20 per cent. of the European American equity and the Deutsche Schiffahrtsbank as co-defendants along with European American. In a document filed in the court, syndicated lending same New York court. City accounts for many billions of dollars of bank financing, as repayment of \$3.5m., alleging just in shipping but also in project finance and commercial lending, for example.

MEN AND MATTERS

Cruising along

Concorde would have been half way across the Atlantic in the time it took the good vessel Lady Rose of Regents to make the trip from Little Venice to Camden Town and back via the sleepy dead end of Paddington basin. Naturally, speed is not the British Waterways Board's strong suit but the Lady Rose is one unusual way that Britain's smallest nationalised industry is exploring to dent its deficit.

The cruiser is the BWB's flagship, being called on for official duties like Board meetings. It has recently been refurbished to make it attractive for up to 35 people keen on waterborne conferences, wedding parties and meals (remember that like British Rail, once on the move, licensing restrictions cease to apply). It seems a civilised way to do such things and others are in the market but the Lady Rose is the only such boat actually owned by the BWB.

The Board showed off the Lady Rose on the stretch of London waterway known as the Regent's Canal which is relatively under-used compared with many of the canals and rivers which the Board administers. The principal traffic is the hourly water bus on the short haul from Little Venice to London Zoo, otherwise little commercial or pleasure traffic is seen.

Beyond Little Venice, the Grand Union Canal winds invitingly away towards Birmingham, though precious little commerce is to be encountered that way either. Rose's Lime Juice does make its way from Brentford, having been barged up river along the Thames, to Boxmoor in Hertfordshire and there are the occasional free-lance coal



"Anyone who knows any little impediment to these companies being joined together in holy nationalisation, speak now or forever hold your peace."

barges selling their wares to towpath customers.

The Grand Union symbolises much of the BWB's problems; debated sometimes a little sadly by BWB executives who joined Lady Rose on her day out. As in so many other industrial spheres, Britain was early into the canal-building game and as a result our canals are often narrow and inconvenient compared with their vaunted Continental counterparts.

The transport consultative study produced earlier this year dismissed waterways with a very brief mention, which makes the Board even more despairing of winning out more money for projects like the Sheffield and South Yorkshire Canal, which requires £4m. or £5m. Some 330 miles of the Board's waterways are for freight transport services, and just over 1,500 miles are devoted to

leisure with some 25,000 boats licensed. For a State concern, the Board has to go about developing canals in a rather odd fashion, whipping up support from local authorities and reputable volunteer groups.

In 1974, the BWB lost over £5m. on waterways operation and maintenance and freight-carrying fleets, but did well out of warehousing and terminal services and from land and properties. And there are BWB men who reckon someone ought to be paying up for the waterways' part in land drainage and perhaps even the intangibles of an improved environment.

Not amused

Being out of work is of course not a subject to be taken lightly but even one small attempt at humour during yesterday's London gathering of 4,000 trade unionists and students to protest against unemployment, fell, or rather was squashed, flat.

Addressing a Tower Hill meeting, Bill McLaughlin, London secretary of the Confederation of Shipbuilding and Engineering Unions, bemoaned the fact that most of the workers from London factories which had closed specially for the day of protest had chosen to spend their day at home rather than turning out for the demonstration. He suggested that "their wives must have given them a three-line whip" to do outstanding household chores.

These days that is not the sort of remark which goes down well with one sector of the population. In less time than it would take to prise a lid off a paint pot, McLaughlin had received a frosty written protest from ladies present. The apparent objection was that women should thus be so off-handedly "cast in such an anti-working class role."

The mail takes the boat

Here is a story which might be considered, clearing in two respects: as "evidence" that the Post Office is not being slothful on long-distance mail costs, and as showing that the Russians are not getting things all their own way with said State body.

There was quite a bit of publicity recently, stirring some really good old "Red scare" feelings, about the Soviet Besta Line's success in winning a contract to carry a consignment of mail to East Africa. But this one-off Russian cargo does not compensate for the loss of overland mail to the Far East which has long been carried the traditional way on the Trans-Siberian Railway.

For the P.O. has made the discovery that it is more economical to send most of its Far East mail on the container ships operated by the Far East Freight Conference, because it seems the Russians are being somewhat greedy in exacting special mail transit charges.

Shipowners are doubtless grateful, but Soviet attitudes to Trans-Siberian carryings are not uniform. The tactic works the other way when it comes to the Japanese radio and television sets which cascade into Europe thanks to vigorous price-cutting which leaves the ships at a disadvantage to the trains.

Come out, do

We all do it sometimes. The Press Association reported yesterday: "A 'remarkable' collection of 360 rare and unpublished letters by Florence Nightingale, kept for years in a 'suitcase' in Belgrade, is up for auction next month."

Observer

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ECONOMIC VIEWPOINT

BY SAMUEL BRITTON

Stopping the buck in Whitehall

WAS at one time very hionable among highbrow nomic theorists to assign arate policy objectives own as "target variables" separate economic agencies. cal policy was to be res- sible for domestic stabilis- n, exchange rate policy for sses payments balance, a ffrive income tax for redistri- on, and so on.

Whether this division was d theory, I am not really e. It could not be made with- w first adopting some com- w of how all policies ured; and this varied from a writer to another, and d change with startling dity. In some versions the rument for regulating the ance of payments was arest rate policy; in others it s the exchange rate. But aday's there are economists, h Keynesian and monetarist, n think that exchange rate ges are only important r their impact on domestic tivity, and monetary and al policy for its impact on balance of payments—a rding reversal of traditional ations.

Does it really matter which ible variable is assigned to ch instrument, or whether ch an assignment is made a, provided that the final ily mix is right? There is x professional consensus on ch questions, and if there e, it would not last long in ch a contentious subject. But whether or not the signment of separate targets r each instrument of policy d economic theory or not, ould certainly make for ch better government. Again d again in the last few weeks have been struck by the way

in which everyone connected with economic policy has a degree of responsibility for everything. And if everyone is responsible for everything, no one is responsible for anything in particular.

A good place to start is the management of sterling which is "shared" between the Treasury and the Bank of England. What are the objectives of either body? Some sterling depreciation is necessary to keep British goods competitive and sustain domestic activity. But a fall in sterling also worsens our terms of trade and raises import prices. The resulting rise in the cost of living is widely believed to make pay restraint more difficult. On the other hand, if too much support for sterling is given, heavy overseas debt accumulates and we may have to accept conditional credit from the IMF. But if the pound depreciates too fast, sterling balance holders will— it is said—become restive. To make it worth while to keep their funds in London interest rates might have to be raised to an extent which would conflict with other objectives.

Weights

In this morass of argument and counter-argument, almost any conceivable response to a movement in the foreign exchange market can be both justified and criticised. There is no formula for assigning weights (which would themselves have to change) to the different objectives. Nor could there be without a dictator econometrician.

But there is an important practical consequence. It is

impossible to identify any decision with any individual.

The difficulty about any clear cut demarcation of responsibilities is that it requires some view of what Governments can and cannot achieve in a mixed economy, and over what time horizon and by what means. On this no two people are likely to agree; the fact that disagreements are not on left-right lines makes the problem more rather than less difficult. There is also the human point that the assignment of objectives and the working out of their relation to each other will seem more important and certainly more fun than the more mundane job of executing them. No Government likes being told that it is only concerned with the money supply, and no Chancellor of the Exchequer that he is only concerned with controlling Government spending and borrowing. Everyone wants to be in the big picture rather than in it where he is told by some theorist.

Nevertheless, I have had a go in the accompanying table at outlining a structure designed to assign clear cut responsibilities which will make it possible to assess success and failure. When accustomed ways and institutions are so clearly failing, people should at least have alternatives in their drawers. The responsibilities outlined stem from what the Departments listed already do. The table is concerned with objectives and functions and is emphatically not yet another Whitehall reorganisation. A few people would have to report to different departmental heads or occasionally walk across a courtyard, but that is all. As the list

of abandoned functions, which might cause a few raised eyebrows, will confirm, some civil servants would have to be engaged. There might even be a few retirements. But the table is certainly not a blueprint for laissez faire. It is designed rather to direct Government activity into more useful channels.

Variable

The most contentious aspect of my framework is a desire to switch the emphasis from the arrangements to work. The first would be on realistic long run paths for the price level and, therefore, the money supply. The second would be on the size of the Budget deficit (adjusted for capital issues). The third would be on the Budget deficit, the higher is the rate of national savings; and the ultimate effect of fiscal policy is neither on inflation nor on the level of activity, but on the real rate of interest and, therefore, on investment. This is true even now, but would become much clearer with a known and stable money supply path. The third key decision would be how much to borrow officially from overseas to even out our standard of living between now and the time when North Sea oil

begins to flow in large quantities.

The Bank of England's two main objectives would then flow automatically. Internally, it would be responsible for the money supply, not interest rates—which it cannot control in the long term in any case. (Compare to-day's rates with what would have been acceptable ten or 15 years ago.) Externally, the Bank would recognise that it cannot determine the exchange rate. It would have a fixed amount of foreign exchange to feed into the foreign exchange market over the next few years. Over and above that, it would intervene only to smooth out short term fluctuations and would be expected to make a profit on such intervention. The exchange rate would move so as to balance the supply and demand for sterling with no special distinction between the current and capital account.

In deciding on the borrowing requirement, a balance would be struck between "jam to-morrow" and "jam to-day", bearing in mind that the higher the level of borrowing, the more here, although a wise Secretary of State would think twice about pay controls which ossify the labour market and tend to increase the long run unemployment rate. Anti-recession palliatives, such as employment subsidies, would also come under the D.E., but the Department would have to argue for an increasing share of public funds and could not just add to Government borrowing. The pompously named industrial strategy would pass to NEDC. There is scope for the institutionalised exchange of information to improve the

years with increasingly perverse results, should be shelved *strictly*.

The most important change is that if there had to be an incomes policy, a Minister other than the Chancellor, and not subordinate to him, would have responsibility for it. The supposed requirements of incomes policy are the single most important obstacles to the Chancellor carrying out his proper functions. If these were hived off, there would at least be a definite yardstick of success or failure with which to assess the Treasury and its political master.

The market

With the end of the demand management myth, the level of employment would be seen to depend on the working of the labour market. Hence the Department of Employment's (D.E.) increased role in this field. Anything that the Department could do to persuade its union friends not to price their members out of jobs would help directly. Any "incomes policy" would obviously belong here, although a wise Secretary of State would think twice about pay controls which ossify the labour market and tend to increase the long run unemployment rate. Anti-recession palliatives, such as employment subsidies, would also come under the D.E., but the Department would have to argue for an increasing share of public funds and could not just add to Government borrowing.

The pompously named industrial strategy would pass to NEDC. There is scope for the institutionalised exchange of information to improve the

A STRUCTURE OF RESPONSIBILITY

TASK	AGENCY
Regulating money supply	Bank of England
Smoothing exchange rate fluctuations	Bank of England
Regulating borrowing requirement	Treasury
Controlling public spending	Treasury
Allocating public spending among Agencies	Cabinet advised by CPS
Cash redistribution	DHSS
Other tax policy	Treasury
"Incomes policies" and Employment	Strengthened Department of Employment
Exchange of non-market information	NEDC
Good-neighbourly optimising of terms of trade	Department of Trade
Adjustments for industrial spillover	Department of Industry
Regulation of neighbourhood effects	Department of Environment
Interest rate policy	Abandoned
Exchange rate objectives	Abandoned
Balance of payments targets	Abandoned
"Demand management"	Abandoned
Wage and price controls	Abandoned
Exchange control	Abandoned

working of the market. It would be based on Benin's observation that if a Minister became aware of "the superior advantage" of any process, publicity alone would secure its adoption. "The more real the advantage, the more superfluous the exercise of authority."

Spillover or neighbourhood effects are undoubtedly of great importance in the environmental field. The Department of that title would be free to concentrate on suitable taxes and public service expenditure if they so wished without also voting for backward redistribution. In this, as in the other change, greater transparency would be the aim. As the political system works through opacity and obfuscation, in normal times I would not be very sanguine about my suggestions. But we may be nearing the stage where the political system can no longer be taken as given factor and might itself have to perform some of the adaptations.

Letters to the Editor

Road vs. railway

From Mr. G. J. Stern.

Sir—As the Director of the Irish Road Federation (May 1) has given no comparative figures to support his case for more massive motorways, I quote the percentages of miles moved by road in the E.C. so that we can judge what their countries do: U.S. 78 per cent., Italy 67, Ireland 81, Denmark 87, France 88, Germany 81, Belgium 86, Holland 87, Luxembourg 88. These figures suggest that economic success goes with low age of motor transport of goods, and that all shapes and sizes of country can send most of its goods by rail and canal. U.S. is a country with a city street road lobby, but it is only one quarter of all miles go by road. The most successful countries of the E.E.C. and Germany are building new railways, not destroying ones they have, and in the U.S. massive urban rail-based systems are under way in many cities.

Any case, the BRF and Department of the Environment pose for asking British Rail (building a Westway at the foot of everyone's garden are not on the Union will be the first at every step, and residents will stop the road. In North America huge highways such as the Spadina highway, have been stopped in mid-construction, because local people have stopped them, and the reaction of local people in such schemes as the Valley, motorway or the highway widening shows that motorists are not just a lame duck, but a dead one.

A. Stern,
Don Court,
Sheriffs Hill, N.S.

Transport policy

From Mr. Rolf Boncutt.

An important point made Mr. Phillipson (May 25) is the reliability of transport and that it does not follow. It would be wise to base decisions about the modal split on a diffuse concept as the one of travelling time which is the strongest reference factor. The benefits of the transport Green Paper admits there does not exist a really binding valuation for time, be it for the journey or for leisure trips. Through lorry drivers' wages are calculated on a time basis, the true impact of lorries on overall traffic is through down other vehicles and high congestion—but, condition is "inevitable" in the light of time and costs, and therefore not really calculable monetary terms. Moreover, one of the major environmental issues cannot be measured in way at all, as the Green Paper admits. I fear that Mr. Phillipson's case away accepting the time "cost" is of the cost-benefit approach. Since the Green Paper ends so heavily on this factor and also on rather arbitrary figures for accidents and a car accident, it can claim to have settled our transport investment with the objectivity which says claim to. Since one can predict future transport demand one can make estimates of traffic densities for various modal split assumptions. This provides a basis for deciding on limits of

toleration on grounds of traffic speed and flow, congestion and various unquantifiable but highly relevant environmental factors. One can also compare the estimated costs of various alternatives. The West Germans, for instance, saved a proportion of their motorway costs by building in two-lane standards and then relieving much long-distance freight traffic to rail—by administrative action backed up by fiscal inducements. In conurbation traffic tend to subsidise the construction and operation of rail-based passenger trains while drastically curtailing car parking and access facilities in central areas.

One suspects that our Continental neighbours are devoting a higher proportion of their national product to transport infrastructure than we do. This applies both to motorways and to railways, including the latter's electrification. One of the by-products of this approach is the creation of a viable railway supplies export industry and, while drastically curtailing the electrical-electronic basis of the industrial structure. This does not necessarily damage the export prospects of their motor industries, as the case of Japan has only too vividly shown.

Sir, Rolf Lane,
Rivfield Heath,
Henley-on-Thames

World crop prospects

From Professor G. Allen.

Sir—The words of caution (May 14) over the prospects for world grain supplies at the end of this year's harvest are timely, and, one hopes, will bring a better appreciation of the continuing knife-edge balance in the overall situation.

On April 27 you reported a United States Department of Agriculture outlook assessment which was particularly significant in that it introduced a much stronger cautionary approach to crop prospects in the Corn Belt than has been its normal practice. Its warning that "there are no reliable techniques for anticipating what combination of weather or disease may occur before harvest" was probably a sound admission that there are some views on this subject which deserve serious attention and which may provide a better basis for projection than the (usually implicit) assumption that weather will remain normal through the season. There is a substantial body of work in the United States which suggests that drought conditions in the American Corn Belt are closely related to cycles in sunspot activity and that on the basis of past experience 1976 remains a year of particular hazard. As one example I quote from an article written in March/April 1975 by Dr. Louis Thompson, the associate dean of agriculture at Iowa State University: "If one is interested in drought occurring in the Corn and Wheat Belts in the mid-70s, he has to support his confidence, the occurrence of eight drought periods in succession, all following the peak of the minor maximum and extending through the following quiet years towards the peak of the major cycle. The drought that started in Northern Mexico and Southwest Texas in 1970 became more intense and spread across New Mexico, Arizona, Southern California and Colorado in 1972. If the cyclical pattern of about 20 years periodicity continues, the drought in the Southwest would cause a warning trend in the Corn Belt for the next several years with severe drought around 1975, followed

by several years of warmer than normal summer weather. The next prolonged period of favourable weather should be in the 1980s."

In addition one should note the probably even more widely held view that to quote a report of the National Oceanic and Atmospheric Administration, there was in the Corn Belt from the late 1960s to around 1973 a "remarkable run of near-normal weather, or even that relatively unusual weather that produces even higher yields" and "reliability of the grain yield in recent years is due to an extraordinary sequence of favourable growing seasons (which cannot be expected to continue)". It is quite likely that by the early 1970s, excluding the one year of serious blight damage, favourable weather had boosted American corn yields some 12 per cent. above their true longer-term trend.

There is no means of projecting climatic conditions during the coming year in America or elsewhere which can claim complete statistical validity—not even the approach which dodges the difficulty of second order crop failures in 1975, particularly in the Corn Belt, than there are for normal or above-normal feed grains and wheat crops in North America or in the world as a whole. George Allen,
Department of Agriculture,
University of Aberdeen,
Aberdeen.

Retail sales statistics

From The Director of Statistics,
Department of Trade and Industry and
Consumer Protection.

Sir—I should like to put right some points raised in the letter (May 20) from Mr. Goodall, editor of Retail Jeweller, about our retail sales statistics. It may help if I briefly explain how these statistics are prepared. The figures are compiled each month from information supplied by a panel of contributors who are, as far as possible, representative of retail trade. The value estimates are compiled inclusive of VAT, and the form sent to contributors makes clear that the information should be provided in this way. We are, of course, very much in the hands of our contributors as to whether this request is followed, but our evidence suggests that it is with very few exceptions for which allowance is made.

In addition to the value estimates, we calculate certain volume figures in which price effects are removed by deflating the value data by appropriate retail price indices. These price indices are, of course, also inclusive of VAT. Thus the volume figures of retail sales, which our Press notices focuses, are not affected by changes in VAT. In this sense, Mr. Goodall's assertion, that the treatment of VAT in this inquiry leads to misleading figures for April, is wrong. The value figures, however, which we also publish, do reflect changes in VAT, as did the figures in the past when changes occurred in purchase tax. We feel that this is well understood generally. I am sorry that Mr. Goodall failed to obtain a direct reply to this question when he raised it earlier with the Department. I can only assume that he did not succeed in speaking to the right person; certainly the statistician

responsible for the figures would not have had any doubt.

Perhaps I might use another inch of your space to thank contributors to our statistical inquiries for their co-operation in enabling us to compile the statistics regularly commented upon in your columns.

L. S. Baxter,
1, Victoria Street, S.W.1.

Public and private money

From Mr. John Moore,
M.P. for Croydon Central

Sir—The Conservative Party is constantly being asked to say whether it would cut public expenditure. Figures given me in Parliamentary answers reply themselves to this question. Up to March 1975, the nationalised industries had capital and revenue write-offs of £2,750m. They had also been given subsidies and compensation of £4,182m. The additional losses due to capital and revenue write-offs, which will clearly be substantial for the year ending March 1976, are not yet available, but the Chancellor was able to provide me with figures for additional subsidies, etc., to March 1975. The amount is £703m. This is an increase in one year, a year of Government restraint, of 16.2 per cent.

I need hardly add that in 1975 the nationalised industries consumed 18.7 per cent. of gross fixed capital formation, while producing, according to the latest Government statistics, approximately 10.6 per cent. of gross domestic product. It is clearly also of urgent concern that these public corporations now employ 1,930,000 people, or 25 per cent. of the total employed in manufacturing industry.

It will finally be of no surprise to anyone to know that I was also told that the much-maligned private enterprise sector had paid over £17bn. in taxes in the past ten years alone. I must now put this letter now in order to vote in the House against a Government measure that seeks to offer in the face of these facts the benefits of nationalisation to the shipbuilding and aerospace industries. John Moore,
House of Commons,
London, S.W.1.

Rights of inspection

From Mr. L. S. Baxter.

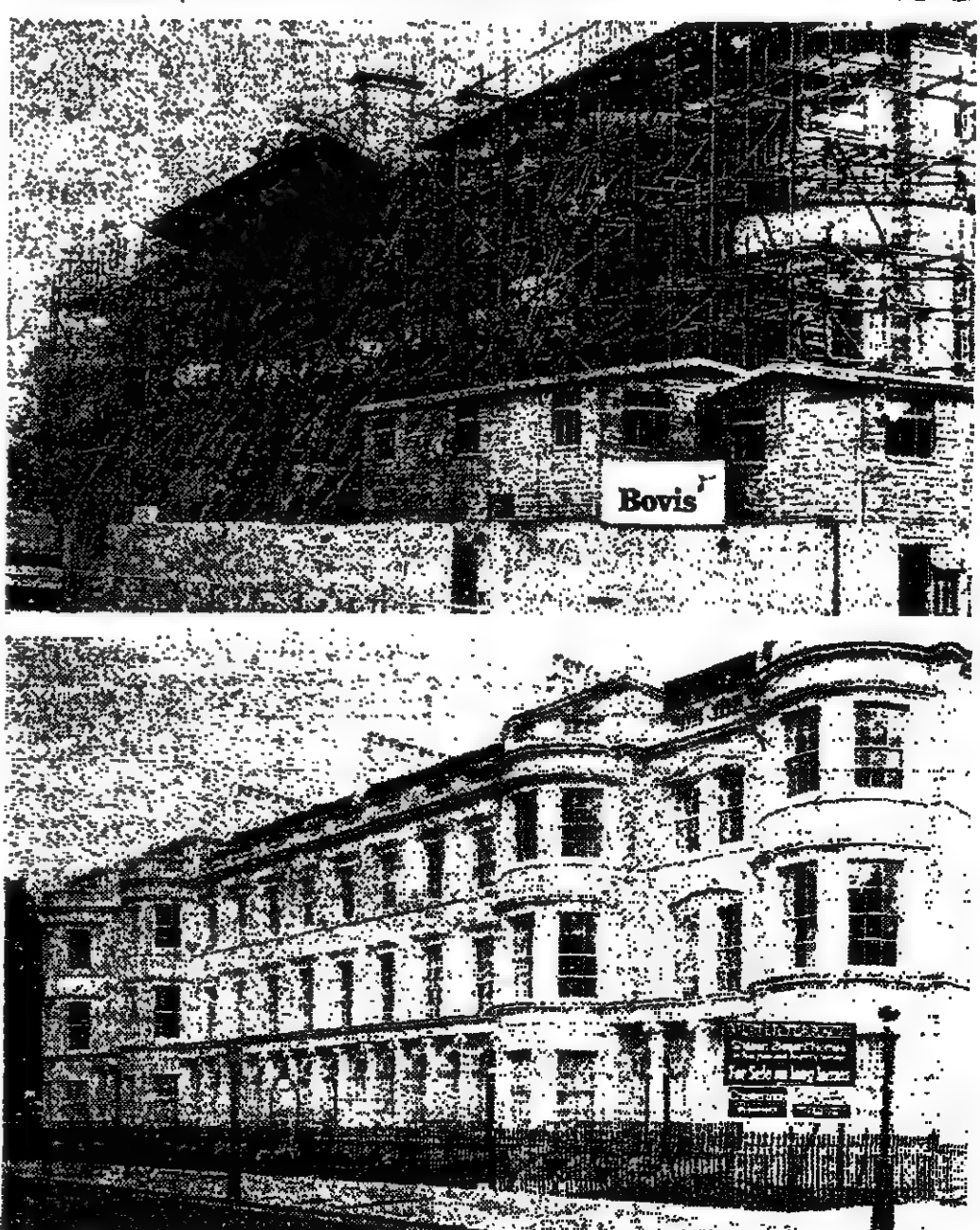
Sir—For some time I have been contesting the right of VAT officials to see trading accounts of companies. The Act (Section 25 of the Finance Act 1972) quite specifically excludes this item and refers only to the profit and loss and balance-sheet. Had it been the intention of Parliament that such a trading account should be produced then it would have been included in the Act. This is yet another case where officials are in my opinion exceeding their authority by demanding documents they are not entitled to. What concerns me more is the apparent lack of support from professional bodies to stop what is yet another intrusion into private affairs. Because of my resistance to this demand it would appear that I either face High Court action or meekly submit and create a precedent and allow VAT officials once again to ride roughshod over the ordinary individual. Being a small company unless support is forthcoming the latter appears the only alternative. L. S. Baxter,
One Way Stadium,
Nr. Dunstable, Bedfordshire.

To-day's Events

GENERAL
Ministerial meeting of Organisation of Petroleum Exporting Countries (OPEC), Bali, Indonesia.
Central Treaty Organisation (COT) two-day meeting ends, London.
Scottish National Party conference opens, Motherwell.
Extraordinary general meeting of Cavenham considers proposal to acquire outstanding minority shareholding in Generale Alimentaire SA, Comnaught Rooms, W.C.2.
Sir Campbell Adamson, CBI director-general, speaks at its Southern Region annual lunch, Henley-on-Thames.
Socialist Group of European Parliament conference ends, Newcastle-upon-Tyne.
PARLIAMENTARY BUSINESS
House of Commons: Debate on government motion on Aircraft and Shipbuilding Industries Bill.
House of Lords: Concentral Dischillers (Civil Liability) Bill, Explosives (Age of Purchase) Bill, and Theatres Trust Bill, second readings.
Atomic Energy Authority (Special Constables) Bill, committee.
Lords then adjourn until June 8.
OFFICIAL STATISTICS
Department of Energy publication—Energy Trends, Bricks and cement production (April).
COMPANY RESULTS
Associated Engineering (half-

year), Bax, Charrington (half-year), Courtaulds (full year), Morcan Crucible (first quarter).
COMPANY MEETINGS
APV, New Zealand House, S.W.
12. Baird (William), Glasgow, 12.
Bemrose, Abercorn Rooms, E.C.1.
11.45. Bentall, Kingsdown Hotel, Thames, 12.
Bridon, Comnaught Rooms, W.C.2.
British Rail, second makers, Birmingham, 12.15.
Dickinson Robinson, Bristol, 12.
Road, S.W.12.
Modern Engineers, Farnell Electronics, Leeds, 1.
PC Finance, Abercorn Rooms, E.C.1.
12.20. Fogarty (E.), Boston, E.C.1.
Freeman, 2.15.
Freeman, 2.15.
General Investors and Trustees, Comnaught Rooms, W.C.2.
12. E.C.1.
12.15. Revere's Chemicals, Harlow, Essex, 12.
Ward White, Wellmanbrough, 12.
Warren (James), Ashford, 11.30.

Refurbishing is the name of the game And Bovis know the rules



Refurbishing is a game played between a single team of players and a set of technical problems. If the problems sometimes win, it's often because members of the team have conflicting priorities. If you suspect that co-ordinated team-work is likely to be more fruitful than a free-for-all, look into a Bovis contract. Bovis work for a fee, fixed on a basis agreed in advance. For that they manage your whole project, seeing that it is done properly, on time and to a tight budget. And all the costs are there for you to see in Bovis's open books. Working in this way, Bovis can be part of your team from the moment you decide to build. They can devise alternative

ways of tackling the most obstinate old building—getting the best out of it without putting too much of your money in, and probably saving months of your valuable time. Kick off today by ringing Harvey Davis, on 01-422 3488, and make sure the result is a win—home or away.

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COMPANY NEWS + COMMENT

Alfred Dunhill up £1.1m. to top £7.2m.

EXCLUDING certain profits for the first time, the pre-tax surplus at Alfred Dunhill increased from £6.7m. to £7.2m. in the year ended March 31, 1976, after an improvement from £3.9m. to £3.8m. in the first half.

It is explained that £320,327 (£50,381), after deducting minority share before and after, which arises from converting the opening net assets of the overseas subsidiaries at year-end exchange rates, has been taken direct to reserves, whereas in previous years it has been included in group profit.

Stated earnings per 10p share are up from 35.2p to 40.8p and the net dividend total is raised from 6.435p to 7.0945p, with a final of 4.5945p.

The company makes pipes, imports cigars, and makes tobacco, cigarettes, lighters and smokers' requisites.

Turnover 1975-76 1974-75
Profit before tax 25,114,420 18,744,575
U.K. tax 2,853,420 2,171,420
Overseas 487,241 494,158
Deferred 47,291 49,748
Minority 47,291 49,748
Attributable 5,622,787 2,812,225
Pre-tax dividend 21,288 22,396
Ord. dividend 21,288 22,396
Final 21,288 22,396

comment
Dunhill's 18 per cent. pre-tax profit rise on a 27 per cent. increase in turnover points to good support from overseas sales which accounted for four-fifths of the total in 1974, and from expanding interests in toiletries for men. In the U.K. there was a marked swing to smaller cigarettes as well as a per cent. fall in overall sales by weight but this would have been less pronounced in Dunhill's more expensive, high-quality range. Higher costs are beginning to put some pressure on Dunhill's margins. But there has been no deterioration in the net cost position (at more than £2.3m. last year) while the current year can look forward to the start of the new Skelmersdale toiletries factory. The comparatively low p/e of 3.4 for the shares at 25p is accounted for by the 4.9 per cent. yield, which is more than a point below the sector average although the cover is a healthy 8.7 times.

Walter Duncan Goodricke

GROUP PROFITS after tax of East Indian merchants and managing agent Walter Duncan Goodricke fell from £432,199 to £138,323 in 1975 after a first half loss of £11,000 compared with profits of £378,000.

Extraordinary items added £372,432 against a debit of £107,421 and

HIGHLIGHTS

Interim profits of International Computers (Holdings) are up by over a third and there is a good order book for the rest of the year—but there is nothing definite yet about the dividend for the full year. BOC International reported a 41 per cent. rise in its interim profits, mainly on growth overseas. Lex also comments on the higher interim profits from Massey which experienced a sharp upturn in the U.K. and eliminated losses overseas. Elsewhere, Bejam announced a rights issue to raise £2.5m. and forecast profits for the full year of £2.5m., an increase of 56 per cent. over last year. Full-year profits at Capper-Neill nearly doubled to £2.7m. and there could be another sharp rise in the current year. The 42 per cent. jump in half-time profits of Greenall, Whitley were better than expected and the shares held steady in a weak market. Other results include Dunhill, Pritchard Services, and Feb International.

Greenall Whitley up £1m. so far

REPORTING a rise in pre-tax profits from £2.3m. to £3.2m. for the six months to March 26, 1976, the directors of Liverpool-based brewers Greenall Whitley say that present performance gives grounds for optimism, but results could be affected by a cooler summer and by the recent increases in excise duty. Profit for the year to September 26, 1975, reached £3.9m.

First-half earnings are shown in the table below. The interim dividend is up from 0.48p to 0.65p per share. The interim dividend is lifted from 0.8021p to 1.0672p and from 0.804p to 0.9134p respectively, about half the anticipated totals for the year. Last year's totals were £1.349p and 0.4208p.

Beer sales have held up very well, says the chairman Mr. C. J. Hutton. The swing to cheaper beers has continued but sales of Greenall's larger have reached new peaks. Investment in new plant and equipment has been justified by the results. Retail, wines

Beers sales have held up very well, says the chairman Mr. C. J. Hutton. The swing to cheaper beers has continued but sales of Greenall's larger have reached new peaks. Investment in new plant and equipment has been justified by the results. Retail, wines

BOOSEY & HAWKES

MUSIC PUBLISHERS & MUSICAL INSTRUMENT MAKERS

	1975	1974
Turnover	£12,400,000	£10,400,000
Profit before tax	£1,702,000	£1,520,000
Earnings per share	16.9p	15.6p
Dividends	4.131p	3.79p

At the A.G.M. Mr. H. P. Barker, Chairman, commented: Overseas companies (South Africa excepted) made a handsome contribution to profits. Direct exports from the UK were at record levels.

The fire at our Edgware instrument factory totally destroyed one finished goods warehouse but only caused light damage to the main producing departments. Reconstruction is nearly complete but lost sales will not be fully recovered this year.

In 1976 we will benefit from the acquisition of the remaining 50% of the Hammond Organ business and we shall be relieved from South African losses. Despite some current weakness in the home market we expect to maintain progress.

Copies of the 1975 Report and Accounts are available on request from the Secretary, Boosey & Hawkes Ltd., 295, Regent Street, London, W1R 8JH.

MARLEY

CAPITAL EMPLOYED:
U.K. £50,000,000
Overseas £40,000,000

	Six months ended 30th April		% Increase
	1976 £'000	1975 £'000	
SALES	86,374	69,446	24
PROFIT BEFORE TAX	7,387	3,849	92
EARNINGS PER SHARE	5.8p	3.2p	81

(Not including exchange surplus on converting overseas assets to sterling: approximately £2,000,000 at the 24th May 1976.)

three years with a 14 per cent. increase for 1975. However, the treatment of start-up costs at security services—taken below the line in both years—is perhaps flattering and adjusting for the leaves after tax profits virtually unchanged. In the U.K. London Stone suffered a considerable setback—trading profits down nearly three-quarters—and hospital services' profits were lower, though overall building maintenance ended the year on a strong note and profits are a tenth higher. The overseas contribution to profits rose from 33 to 37 per cent. and all areas apart from Portugal registered an increase, with particularly strong areas in Australia and France. The current year has started well and there are a couple of contracts in the Middle East which could make a significant difference if orders are won. In the meantime, however, remain high at probably more than twice shareholders' funds excluding goodwill. At 181p the shares yield 104 per cent. covered 2.7 times on reported earnings.

Capper-Neill peak £2.76m.

REFLECTING improved performance of almost every group company, pre-tax profit of Capper-Neill, the process plant group, advanced by 86 per cent. to a record £2.76m. in the year to March 31, 1976, from £1,530,000 against £301,000 for the first half. And the directors forecast a further increase for the current year. The present policy of developing overseas markets continues and has raised the export performance to a higher level of activity, they state.

Turnover for the year expanded from £26.0m. to £38.72m., and stated earnings per 10p share advanced from 3.32p to 4.84p. The final dividend is the freshened 1.287p, net on capital increased by the November rights issue, lifting the maximum permitted.

The tax charge, which is totally deferred, is up from £738,053 to £1,500,780.

comment

A 108 per cent. pre-tax profit jump in the second half, following an interim increase of 74 per cent., pushed Capper-Neill's full-year figure 86 per cent. higher than the year before. The 1975 pre-tax level is 121 per cent. lower (before the rights issue) and although that reveals a measure of recovery in the second six months the builders' merchandising side, which accounts for around 86 per cent. of total turnover, is still depressed. The manufacturing division did manage some improvement in its contribution and is expected to continue moving ahead in the current year as the group concentrates on pushing up exports. However, the immediate chances of any significant improvement in profits look slight and, given that the group is still rather highly geared (the borrowing ratio at the end of 1974 was over 100 per cent.), the commitment to the "A" shares, which at 14p yield 18.5 per cent. on a p/e of 5.4, is understandable.

comment

Israel British Bank

A favourable decision has been made in the U.S. Court of Appeals reversing a 1975 decision of the Israel-British Bank (London), which collapsed in 1973 and is now in liquidation. It is the latest stage in a long legal battle over the liquidator's claim that the U.S. bankruptcy laws apply to foreign banks. The result is to add the assets in question to the liquidator's claim. The general body of IBB (London's) creditors.

comment

Pritchard Services has lifted itself off its profits plateau of the past

Thomson T-Line recovery

At the meeting of Thomson T-Line Caravans, Mr. D. Thomson, chairman, announced that since the reduction of the luxury rate of VAT in April sales had considerably improved and continued at a high level. The company was slowly increasing productive staff, all sections were now trading profitably and were expected to continue doing so. The picture for the current year should show a decided improvement over 1975 and "we expect this progress to continue," said Mr. Thomson.

Lyle Shipping hopeful

Mr. William Nicholson, chairman of Lyle Shipping, told the meeting that though the current high freight rates were not profitable enough, the trend

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding for 1975	Total for 1975	Total for 1976
BOC International Int.	0.91	Oct 7	0.91	2.92	2.92
Bruning	1.78	—	0.83	2.93	1.88
Capper-Neill	1.29	—	1.18	2.57	2.38
Cashings	1.45	—	1.38	1.95	1.8
W. Duncan & Goodricke	1.9	July 1	1.42	4.0	17.74
Dunhill	4.59	July 29	4.44	1.78	6.44
Feb International	0.78	July 13	0.68	1.43	1.33
Greenall Whitley Int.	1.07	July 31	0.8	2.13	2.13
Philip Hill Trust	3.75	July 19	3.0	3.75	5.0
House Prop. Co. London	1.75	July 1	1.75	—	5.8
International Computers Int.	0.45	July 20	1	0.65	1.1
Jamaica Sugar	1.5(1a)	—	NH	4	NH
Leeds & Dist. Dyers Int.	0.9	July 1	0.82	—	2.46
London & Aberdeen	1.75	July 29	1.35	1.75	1.53
Massey	1.3	Aug. 6	1.5	—	3.04
Monks Investment	0.8	July 30	0.72	1.15	1.07
Parkland Textile	0.85	July 1	0.8	1.73	1.73
Pritchard Services	0.7	July 14	0.67	1.21	1.11
Thames Trust Int.	0.7	July 6	0.7	—	2.4(1b)

Dividends shown pence per share net except where otherwise stated. (a) Equivalent after allowing for scrip issue. (b) On capital increased by rights and/or acquisition issues. (a) Gross throughout. (b) Included bonus 0.4p.

indicated that the bottom of the depression had passed and they could look forward to a gradual improvement, particularly for the company's type of tramp shipping.

The two new Govan-built carriers were both trading well, and in the last quarter of this year delivery would be taken of a new Japanese ship which would be on a first-class charter for the next 10 years.

To finance ship purchases and increase other investment, the directors were negotiating the sale of the older Cape Wrath and expected it would yield a substantial capital profit.

Feb Intl. profits dip to £0.24m.

ON A TURNOVER up from £7.38m. to £8.33m. group pre-tax profit of Feb. International decreased from £285,000 to £240,000 in 1975.

When reporting first-half profit down from £204,000 to £132,000, the chairman, Mr. G. Fisher, said there had been an improvement to a more satisfactory level of profitable trading and, providing that trend continued, profits for the year should be comparable to those of 1974.

Stated earnings per 10p share for 1975 were down from 2.8p to 2.41p. The dividend is raised from 1.33p to 1.48p, the maximum permitted, with a final of 0.78p.

The chairman and his wife have waived their final dividend on 800,000 shares. Cash payable in respect of the final, after the waiver, is £228,784.

The company manufactures chemicals and fixing devices, and distributes building and plumbing materials, etc.

comment

Feb's pre-tax profits have been on a plateau since 1972 and they look like remaining there in the current year. The 1975 pre-tax level is 121 per cent. lower (before the rights issue) and although that reveals a measure of recovery in the second six months the builders' merchandising side, which accounts for around 86 per cent. of total turnover, is still depressed. The manufacturing division did manage some improvement in its contribution and is expected to continue moving ahead in the current year as the group concentrates on pushing up exports. However, the immediate chances of any significant improvement in profits look slight and, given that the group is still rather highly geared (the borrowing ratio at the end of 1974 was over 100 per cent.), the commitment to the "A" shares, which at 14p yield 18.5 per cent. on a p/e of 5.4, is understandable.

comment

Monks Inv. advance

GROSS REVENUE for the year to April 30, 1976, of Monks Investment Trust slipped from £19.7m. to £18.4m., but pre-tax revenue improved from £1.8m. to £1.58m. Earnings are given as 1.17p, against 1.1p per share. The final dividend is 0.5p net for a total of 1.15p compared with 1.07p. The net asset value per share is shown at 61.2p against 52.1p.

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London & Aberdeen pays more

FROM STATED consolidated earnings per 5p share of 2.97p, against 2.65p, the directors of London and Aberdeen Investment Trust are lifting the net dividend on the Preferred Ordinary and Deferred Ordinary, ex dividend, to 1.35p to 1.75p for the year to March 31, 1976. The parent's earnings were 1.91p against 1.73p per share.

Total resources are shown at £26.8m. against £21.2m. and the net asset value per Preferred and Deferred Ordinary, ex dividend, at 153.2p compared with 177.8p—the 100 per cent. of investment currency premium included is 21p (19.1p).

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Bejam £2.5m. rights —profits forecast

Bejam Group is proposing to finance about 27 per cent. to sell new capacity, but has options to new storage depots so that total borrowings now amount to about £1m. The first benefits from this expansion were already evident at the halfway stage when profits were 102 per cent. higher (against a depressed period last time) and the forecast 26 per cent. rise in second half profits should be enough to ensure a successful reception for the rights issue. The 58-week period ending July 3, 1976, will not be less than £2.5m. against the £1.8m. for the 52 weeks ended June 30, 1975.

On the basis of this forecast they intend a final dividend of 1.785p per share on the enlarged capital to make a net total of 3.59p gross. The Treasury has given its consent.

The new shares will be payable in full on acceptance not later than June 18 and offered to shareholders on the register or May 17. Drawings will commence next Tuesday.

The issue has been underwritten by Barclays Merchant Bank. The directors of Bejam and its subsidiaries and trusts are entitled to subscribe for 2,118,788 new Ordinary shares. On their behalf Barclays Merchant Bank has placed 2,022,788 of these shares, nil paid at a premium of 94p per share, with a balance of £96,000 will be subscribed by the persons to whom they were provisionally allotted.

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NEWS AND COM
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The Financial Times Thursday May 27 1978

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Marley soars past £7m. in six months

VERY GOOD recovery overseas and an upsurge from the home market has enabled Marley to almost double its first-half profit—from £3.8m. to £7.3m. in the period ended April 30, 1978.

In the corresponding period last year the profit was depressed by a severe overseas side contribution falling from £1.4m. to £1.0m. The attributable profit for the 1978 half year was ahead £1.7m. or £3.5m. Earnings are shown at 5.8p (3.2p) per 25p share and the interim dividend is held at 3p net.

A one-for-two scrip issue is proposed and unless restrictions are moved the final dividend will be the maximum allowed by law. The year ended October 31, 1978, the final was £14,054,000, profits before tax reached £11,537m.

First half 1978 1977
£m. £m.
Sales 26,574 26,446
Operating costs 23,238 23,155
Operating profit 3,336 3,291
Finance costs 579 438
Profit before tax 2,757 2,853
Tax 1,020 1,000
Profit after tax 1,737 1,853
Dividend 1,350 1,350
Reserves 2,387 2,503
Total 4,124 4,356

At the annual meeting of Sharpe and Fisher (Builders' Merchants, etc.) the chairman, Mr. K. J. Fisher, reported that the end of April, group sales were approaching £25m., an increase of 40 per cent. on 1977, which was well ahead of inflation. He said the increase had come from all sections of the business, but there was a larger increase in heavy side rather than light side sales.

If past experience was taken as a guide, increases on the heavy side usually indicated an improvement in trade to be later reflected in a light side sales, Mr. Fisher added.

On this basis, business should continue to be good but with two-thirds of the year still to go, a forecast for the year was still not possible with the present uncertainties and fluctuation in the rate.

With regard to further expansion, the chairman said that "as of this minute" we are proceeding no further until we have completed the projects which we have started.

Sales ahead at Sharpe & Fisher

Addressing the annual meeting of Sharpe and Fisher (Builders' Merchants, etc.) the chairman, Mr. K. J. Fisher, reported that the end of April, group sales were approaching £25m., an increase of 40 per cent. on 1977, which was well ahead of inflation. He said the increase had come from all sections of the business, but there was a larger increase in heavy side rather than light side sales.

If past experience was taken as a guide, increases on the heavy side usually indicated an improvement in trade to be later reflected in a light side sales, Mr. Fisher added.

On this basis, business should continue to be good but with two-thirds of the year still to go, a forecast for the year was still not possible with the present uncertainties and fluctuation in the rate.

With regard to further expansion, the chairman said that "as of this minute" we are proceeding no further until we have completed the projects which we have started.

Southern Constructions improves

At the annual meeting of Southern Constructions (Holdings), the chairman, Charles Mitchell, reported that management accounts for the first few months of 1978 were showing an improved profit position over the corresponding period in 1977, and

BOC

BOC International Ltd Interim report for six months ended 31 March 1978 Group profits, unaudited:

	Six months to 31.3.78	Six months to 31.3.77	Year to 31.3.78
£'000	£'000	£'000	£'000
Group Sales	271,411	225,317	490,902
Operating costs	229,138	190,008	414,673
Depreciation	42,275	35,309	76,229
	12,852	10,155	22,065
	29,423	25,154	54,164
Add: Group share of associated companies' profits	9,593	7,042	15,119
Group trading profit	39,016	32,196	69,283
Europe	14,019	13,069	26,842
Africa	5,136	4,529	9,454
America	9,788	7,484	16,046
Asia	1,831	1,135	2,986
Pacific	8,242	5,979	13,955
Interest	39,016	32,196	69,283
	9,445	11,314	21,872
Group profit before tax	29,571	20,882	47,411
Tax	15,731	10,300	24,981
	13,840	10,582	22,430
Minorities	2,704	1,737	3,892
Group profit attributable to parent company	11,136	8,845	18,538
Earnings per share (based on 256,578,224 ordinary 25p shares in issue at 31 March 1978)	4.32p	4.16p	8.29p

Six months' results. The depreciation of sterling over the past six months has improved Group trading profit by some £1 million, which after tax and interest has added less than £100,000 to the profit attributable to the Parent Company.

Dividend. The Directors have declared an interim dividend of 1.1p net per share (last year 0.91p) payable on 7 October 1978 to the holders of existing Ordinary shares registered at the close of business on 6 September 1978.

Further copies of this report may be obtained from The Secretary, BOC International Ltd, Hammesmith House, London, W6 9DX. Tel: 01-748 2020.

Strong finances at Duport

IN HIS annual statement, the chairman of Duport, Mr. E. C. Sayers, confirms that the group is operating more effectively at lower levels of activity, and an improvement in profits is expected for the first half of the current year, comparable with that of last year's second half.

As reported on May 19 pre-tax profits finished the year to January 31, 1978, down from £10m. to £4.04m. after £1.8m. against £5.34m. for the first half.

Mr. Sayers stresses that, despite the sharp fall in profits and the continuing effect of inflation, the balance sheet is strong, with substantial bank facilities still available to finance group development and the increased demand for working capital as the economic climate improves.

Turnover from trading operations outside the U.K. amounted to £15.5m., including £12.2m. in goods exported from the U.K. A geographical analysis shows (figures omitted): EEC £4,688,274, North America £1,012,374, Africa and Middle East £1,172, Australasia £2,812, Eastern Europe £2,702, other areas £1,048. The figures do not include the value of goods supplied for incorporation in products exported by other manufacturers.

During the year capital expenditure on the group included £2.2m. for the purchase of a new steel-making facility in South Wales. An analysis by operating divisions shows (£000s omitted): Steel division £4,193, engineering £1,240, domestic products £651, general £52, miscellaneous £134.

At the year end contracted for capital commitments stood at £2m. (£2.2m.) with a further £2m. (£1.1m.) authorised but not entered.

Inflation adjusted accounts show pre-tax profits of £230,000 (£25.8m.) on the CPP basis, a loss of £42,000 (£4.7m.) on the historical basis, compared with earnings of 9.5p (13.1p) historical, and capital employed of £20.5m. (£19.4m.), against £28.7m. (£21.7m.) historical.

Winsor Newton confident

Sales of Winsor & Newton, the first quarter of the current year are higher in both price and volume than in the first quarter of 1977.

Speaking at the annual meeting, chairman Robert Kennedy said considerable sums were being spent in improving the company's presence in the U.K. market and, with a steady demand overseas, the directors looked forward with confidence to a successful future.

English Natl. Investment

For the year to March 31, 1978, English National Investment reports gross revenue down from £165,100 to £132,475. Interest charges were virtually unchanged at £122,222 (£23,612) and tax took £21,756 (£20,315).

Earnings per 25p Preferred share are stated at 1.5p (1.55p) and per Deferred share at 45p (26p). The directors say they are conscious of the differential between the market and asset values and are therefore considering due on January 30, 1978, as various alternative methods of improving this situation. Holders will be kept fully informed; they state.

Net assets per Preferred share are shown at 38p (35p) and per Deferred share at 45p (26p). The directors say they are conscious of the differential between the market and asset values and are therefore considering due on January 30, 1978, as various alternative methods of improving this situation. Holders will be kept fully informed; they state.

Castings turns in £0.45m.

TURNOVER of malleable iron-founders Castings increased from £2.7m. to £2.34m. in the year to March 31, 1978, and pre-tax profit advanced from £23,265 to £15,746, after £15,679, against £13,768, for the first half.

The year's tax charge is up from £216,819 to £228,105, and stated earnings per 10p share are unchanged at 4p.

A final dividend of 1.45p lifts the net total from 1.8p to 1.95p. A one-for-three scrip issue is also proposed.

The chairman, Mr. J. P. Cooke, has waived his right to the final dividend on 385,000 shares.

Porter Chadburn

In the current year some gradual pick-up in demand is expected in the engineering industry, but there will be no major upturn until 1979-80, Mr. D. C. Bamford, chairman of Porter Chadburn.

Despite the annual rate at which profits have been earned in the second half of 1977-78, he does not see any dramatic increase in current year profits, but because of the spread of activities and markets, he will be "disappointed" if there is no improvement.

As known, sales for 1978 increased from £7.23m. to £8.57m. and profit, before tax, was £8,65m., compared with £6,62m.—dividend at 2.2p net (3.85p). Brewery equipment accounted for 41.5 per cent. of sales, marine equipment 21.5 per cent., mechanical handling equipment 18.9 per cent., plastic film and bags 8.5 per cent. and others 8.5 per cent.

Mr. Bamford explains that trading in the first six months was much influenced by the low level of capital expenditure by the major brewers—a "considerable improvement" took place in the second half, however.

Airline Consultants holds 14.8 per cent. of the Ordinary. Chairman's statement Page 24

UDT Pref. dividends

The directors of United Dumbies Trust announce that a decision regarding payment of the preferential dividend due on June 30 has been deferred until results for the year to that date are known. These results will be announced towards the end of August.

They point out that by law dividends can be paid only out of profits after other deductions, or out of distributable reserves. As soon as such profit or reserves are available the company will pay the dividend due on January 30, 1978, as various alternative methods of improving this situation. Holders will be kept fully informed; they state.

RECENT ISSUES

EQUITIES

FIXED INTEREST			
Issue Price	1978	1977	1976
£1.00	1.00	1.00	1.00
£1.25	1.25	1.25	1.25
£1.50	1.50	1.50	1.50
£1.75	1.75	1.75	1.75
£2.00	2.00	2.00	2.00
£2.25	2.25	2.25	2.25
£2.50	2.50	2.50	2.50
£2.75	2.75	2.75	2.75
£3.00	3.00	3.00	3.00
£3.25	3.25	3.25	3.25
£3.50	3.50	3.50	3.50
£3.75	3.75	3.75	3.75
£4.00	4.00	4.00	4.00
£4.25	4.25	4.25	4.25
£4.50	4.50	4.50	4.50
£4.75	4.75	4.75	4.75
£5.00	5.00	5.00	5.00
£5.25	5.25	5.25	5.25
£5.50	5.50	5.50	5.50
£5.75	5.75	5.75	5.75
£6.00	6.00	6.00	6.00
£6.25	6.25	6.25	6.25
£6.50	6.50	6.50	6.50
£6.75	6.75	6.75	6.75
£7.00	7.00	7.00	7.00
£7.25	7.25	7.25	7.25
£7.50	7.50	7.50	7.50
£7.75	7.75	7.75	7.75
£8.00	8.00	8.00	8.00
£8.25	8.25	8.25	8.25
£8.50	8.50	8.50	8.50
£8.75	8.75	8.75	8.75
£9.00	9.00	9.00	9.00
£9.25	9.25	9.25	9.25
£9.50	9.50	9.50	9.50
£9.75	9.75	9.75	9.75
£10.00	10.00	10.00	10.00
£10.25	10.25	10.25	10.25
£10.50	10.50	10.50	10.50
£10.75	10.75	10.75	10.75
£11.00	11.00	11.00	11.00
£11.25	11.25	11.25	11.25
£11.50	11.50	11.50	11.50
£11.75	11.75	11.75	11.75
£12.00	12.00	12.00	12.00
£12.25	12.25	12.25	12.25
£12.50	12.50	12.50	12.50
£12.75	12.75	12.75	12.75
£13.00	13.00	13.00	13.00
£13.25	13.25	13.25	13.25
£13.50	13.50	13.50	13.50
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£14.25	14.25	14.25	14.25
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£14.75	14.75	14.75	14.75
£15.00	15.00	15.00	15.00
£15.25	15.25	15.25	15.25
£15.50	15.50	15.50	15.50
£15.75	15.75	15.75	15.75
£16.00	16.00	16.00	16.00
£16.25	16.25	16.25	16.25
£16.50	16.50	16.50	16.50
£16.75	16.75	16.75	16.75
£17.00	17.00	17.00	17.00
£17.25	17.25	17.25	17.25
£17.50	17.50	17.50	17.50
£17.75	17.75	17.75	17.75
£18.00	18.00	18.00	18.00
£18.25	18.25	18.25	18.25
£18.50	18.50	18.50	18.50
£18.75	18.75	18.75	18.75
£19.00	19.00	19.00	19.00
£19.25	19.25	19.25	19.25
£19.50	19.50	19.50	19.50
£19.75	19.75	19.75	19.75
£20.00	20.00	20.00	20.00
£20.25	20.25	20.25	20.25
£20.50	20.50	20.50	20.50
£20.75	20.75	20.75	20.75
£21.00	21.00	21.00	21.00
£21.25	21.25	21.25	21.25
£21.50	21.50	21.50	21.50
£21.75	21.75	21.75	21.75
£22.00	22.00	22.00	22.00
£22.25	22.25	22.25	22.25
£22.50	22.50	22.50	22.50
£22.75	22.75	22.75	22.75
£23.00	23.00	23.00	23.00
£23.25	23.25	23.25	23.25
£23.50	23.50	23.50	23.50
£23.75	23.75	23.75	23.75
£24.00	24.00	24.00	24.00
£24.25	24.25	24.25	24.25
£24.50	24.50	24.50	24.50
£24.75	24.75	24.75	24.75
£25.00	25.00	25.00	25.00
£25.25	25.25	25.25	25.25
£25.50	25.50	25.50	25.50
£25.75	25.75	25.75	25.75
£26.00	26.00	26.00	26.00
£26.25	26.25	26.25	26.25
£26.50	26.50	26.50	26.50
£26.75	26.75	26.75	26.75
£27.00	27.00	27.00	27.00
£27.25	27.25	27.25	27.25
£27.50	27.50	27.50	27.50
£27.75	27.75	27.75	27.75
£28.00	28.00	28.00	28.00
£28.25	28.25	28.25	28.25
£28.50	28.50	28.50	28.50
£28.75	28.75	28.75	28.75
£29.00	29.00	29.00	29.00
£29.25	29.25	29.25	29.25
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£30.00	30.00	30.00	30.00
£30.25	30.25	30.25	30.25
£30.50	30.50	30.50	30.50
£30.75	30.75	30.75	30.75
£31.00	31.00	31.00	31.00
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£31.75	31.75	31.75	31.75
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£32.75	32.75	32.75	32.75
£33.00	33.00	33.00	33.00
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£35.00	35.00	35.00	35.00
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£35.75	35.75	35.75	35.75
£36.00	36.00	36.00	36.00
£36.25	36.25	36.25	36.25
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£37.00	37.00	37.00	37.00
£37.25	37.25	37.25	37.25
£37.50	37.50	37.50	37.50
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£38.00	38.00	38.00	38.00
£38.25	38.25	38.25	38.25
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£41.00	41.00	41.00	41.00
£41.25	41.25	41.25	41.25
£41.50	41.50	41.50	41.50
£41.75	41.75	41.75	41.75
£42.00	42.00	42.00	42.00
£42.25	42.25	42.25	42.25
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£42.75	42.75	42.75	42.75
£43.00	43.00	43.00	43.00
£43.25	43.25	43.25	43.25
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£66.00	66.00	66.00	66.00
£66.25	66.25	66.25	66.25
£66.50	66.50	66.50	66.50
£66.75	66.75	66.75	66.75
£67.00	67.00	67.00	67.00
£67.25	67.25	67.25	67.25
£67.50	67.50	67.50	67.50
£67.75	67.75	67.75	67.75
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£68.25	68.25	68.25	68.25
£68.50	68.50	68.50	68.50
£68.75	68.75	68.75	68.75
£69.00	69.00	69.00	69.00
£69.25	69.25	69.25	69.25
£69.50	69.50	69.50	69.50
£69.75	69.75	69.75	69.75
£70.00	70.00	70.00	70.00
£70			

INTERNATIONAL COMPANY NEWS + EURO MARKETS

U.S. Steel to raise \$400m. in new financing plans

BY STEWART FLEMING

NEW YORK, May 26.

U.S. STEEL, the country's largest steel maker, has announced its long-awaited new financing plans. After months of speculation, the company said that it is to raise some \$400m. by the issue of convertible unsecured debentures.

A spokesman said that the company will be filing a registration statement shortly with the Securities and Exchange Commission and, therefore, could not comment on what it planned to use the funds for.

It is widely accepted here, however, that the U.S. steel industry is rapidly running short of capacity as a result of the surge in demand for steel, and through what is claimed to be the industry's inadequate levels of new capital investment for a number of years.

U.S. Steel itself has said that it is currently operating at close to 90 per cent. of capacity, and that by the end of the year it will have reached the limits of expanding existing plants in order to create new capacity. Over the past three years the company claims to have invested almost \$2bn. in "rounding out" existing steel-making capacity—that is, expanding existing equipment.

It is thought, therefore, that the company must be considering a substantial new investment programme and that, along with large sections of U.S. industry, is taking the opportunity to improve its balance sheet by raising the prospective equity base.

Hutchison exercises its option

HUTCHISON International said it exercised its option to acquire 17.6m. shares in Hong Kong and Whampoa Dock Co. at a price of HK\$3.40 a share. Reuters reports from Hong Kong.

Wickes sale plans

Wickes Corporation said it reached a "preliminary understanding" to sell "certain of the assets" of its Oregon-Pacific Industries and Steel City Lumber Company to Merrill Lynch and Company, parent company of Merrill Lynch, Pierce, Fenner and Smith Incorporated. AP/DJ reports from San Diego, California.

Wickes and Merrill Lynch did not disclose the price or details of the transaction.

Kredietbank pre-tax profits show 21 per cent increase

BY DAVID CURRY

BRUSSELS, May 26.

KREDIETBANK, THE third largest Belgian bank and the financial flag carrier of the Flemish business community, pushed up pre-tax profits by some 21 per cent. in the year to the end of March 1976. The total of B.Fr.2,064bn. was after B.Fr.762m. amortisation and B.Fr.52m. provisions.

However, net profits advanced by only 10 per cent. on the previous year to B.Fr.1,044bn. due to a 56 per cent. increase in fiscal charges to more than B.Fr.1bn. Gross cash flow showed 11 per cent. up at B.Fr.2,75bn. Government regulations forced the company to do no more than repeat last year's B.Fr.245 pay out.

The bank makes no bones about its continuing alarm at cost increases. Last year general costs were 21 per cent. up at B.Fr.8.6bn., while staff costs were 22 per cent. higher at B.Fr.5.3bn.

A rise in current and deposit accounts of around a quarter was the main factor behind the growth of some B.Fr.37bn. in the overall balance sheet total to B.Fr.244.5bn.

The volume of medium term bonds was B.Fr.2.3bn. up while more than B.Fr.10bn. while the foreign exchange balances of foreign banking correspondents remained stable at around B.Fr.51bn.

Private sector credits were 30 per cent. up to around B.Fr.30bn. at the end of the year while the general loans sector advanced some B.Fr.11bn. to B.Fr.48bn. The volume of trade bills in portfolio was a more modest 5 per cent. higher at B.Fr.34bn. while the total credit to the private sector including re-discounting, acceptances and guarantees was 24 per cent. better at B.Fr.113bn. Credit to Belgian state authorities showed a 23 per cent. rise to B.Fr.37bn.

Isuzu and GM sign agreement

By Peter Dunning

TOKYO, May 26.

GENERAL MOTORS and Isuzu Motors today put their signatures to the agreement that gives the American manufacturer a 51 per cent. stake in Isuzu sales and finance (ISF), thereby effectively taking over responsibility for the marketing of all Isuzu vehicles.

No indication of the size of General Motors' capital injection was given. However, it is known that ISF has about \$265m. outstanding in loans to dealers, and widely believed that the outside support was needed to help Isuzu out of part of this loan, plus provide additional credit for the distribution network.

According to Isuzu, the main financial implications of the transaction are that it clears the way for future assistance, which presumably will come largely as loan funds to ISF by the new parent. Since the deal has been in the offing for nearly a year, it is reasonable to think that the strategy should already be apparent from Isuzu figures.

In fact, these do reflect determined marketing last year, at a time when the company was running up a substantial loss. Isuzu's domestic sales jumped 30 per cent. to 141,500, compared with an industry average of 12 per cent. The company's production more than doubled from 28,000 to 64,733 as a result of domestic and export promotion of the Gemini.

The parent is 34.2 per cent. owned by General Motors, and the ISF exercise neither alters this nor on paper affects the group's predominantly Japanese ownership. However, the decision to look to Detroit instead of Japanese banks for support appears to put Isuzu in a more favourable position than General Motors' rival, if it was not there already.

Swissair expects steady 1976

BY JOHN WICKS

ZURICH, May 26.

THE ZURICH-BASED airline Swissair reckons on results for the current year similar to those recorded in 1975, according to a statement made by the airline's managing director, Hans Schneider, in the May bulletin of the Swiss Bank Corporation. Schneider, who called this estimate "cautious," said it was premature to speak of a fundamental and lasting improvement, even although growth rates hoped for the first quarter of 1976 were absolutely satisfactory.

Apart from the fact that wage negotiations with its staff were still pending, Swissair prospects could be unexpectedly disturbed by monetary developments.

Over the coming five years, Schneider announced, Swissair's investments would probably be no more than half the figure of Sw.Frs.1.4bn. spent during the 1971-75 period. Liquidity was currently at an above-average level and the reduced investments would be due to be met by the company itself, as there was no necessity for a capital-market transaction. However, he added, it was possible that Swissair would go to the market if interest rates remained favourable.

Nestle tops the list

BY OUR OWN CORRESPONDENT

ZURICH, May 26.

A SURVEY published by the Union Bank of Switzerland on Swiss companies with consolidated turnover exceeding Sw.Frs.1bn. (€225m.) shows that the Nestle group has strengthened its position at the top of the list with 1975 group sales up 10 per cent. to Sw.Frs.18.25bn. Despite a 3.8 per cent. decline in consolidated turnover, the Ciba-Geigy chemical company of Basle remains in second place with Sw.Frs.9.03bn. (€2.03bn.).

Although not all other major undertakings have yet published their turnover figures for last year, the Union Bank believes that the Brown Boveri engineering group and the Migros retail co-operative will have retained their third and fourth positions, while Hoffmann-La Roche moves up from sixth to fifth place. A sharp drop in rank is that of the Alusuisse aluminium and chemicals group, whose turnover fell 3.8 per cent. over the year to Sw.Frs.8.8bn. (€1.98bn.), bringing it down from fifth to an estimated eighth position.

The biggest company by number of group employees was also Nestle, with a world labour force of 135,431 last year, while Brown Boveri booked 101,700 employees and Ciba-Geigy 76,116 worldwide.

Deere earnings

Deere and Company said the rise in its six month earnings from \$1.78 to \$2.81 per share was primarily due to higher sales and production and improved manufacturing efficiencies for its North American farm equipment operations. AP/DJ reports from Moline, Illinois.

Hermes in the red

An operating loss of Sw. Fr. 11m. after depreciation was recorded for last year by the Swiss office-equipment concern Hermes Precisa International S.A. of Yverdon, as compared with a 1974 profit of Sw. Fr. 3.3m. reports John Wicks from Zurich. The board recommends a partial covering of the loss by the liquidation of Sw. Fr. 9.5m. reserves. The company which cut back its labour force by 25 per cent. over the year booked a 13 per cent. decline in group turnover for 1975 to Sw. Fr. 273m.

CII merger

Honeywell Bull SA and CIE International pour L'Informatique (CII) said they signed an agreement to merge and form a new company — CII Internationale pour L'Informatique CII Honeywell-Bull. Reuters reports from Paris.

Télémeccanique

Télémeccanique-Electrique SA should return this year to pre-1975 results and dividend provided there is no worsening in the general economic situation, the company's said. Reuters from Paris. Net consolidated 1975 profit was Sw.Frs.23.85m. (€5.32m.) and total dividend Frs.10.50 (€2.37m.).

Supersol turnover

Supersol, Israel's largest privately-owned chain of supermarkets, the major part of whose share capital is in the hands of two Canadian groups, reports an increase in turnover for 1975 of 70 per cent. on the previous year, reports L. Daniel from Tel Aviv. A further growth by 43 per cent. in turnover is forecast for the current financial year, but this would represent only a small increase in real terms since the anticipated rate of inflation this year is put variously at 30-40 per cent.

Norway takeover

Norway's Government has secured Parliamentary approval for a full state takeover of Store Norske Spitsbergen Kulkompagni, which mines coal on the Spitsbergen archipelago, reports P. Gjester from Oslo. The state already had a majority stake in the company, and will now buy out the remaining private shareholders for some Kr.42.3m. (€4.23m.).

SELECTED EURODOLLAR BOND PRICES

MID-DAY INDICATIONS

STRAIGHTS	Yld	Offer	STRAIGHTS	Yld	Offer
Austrian 10% 1985	104	104	ERAP 8 1/2% 1985	102	102
Austrian 10% 1985	94	94	Esso 8 1/2% 1985 Nov.	99	100
Austrian 10% 1985	94	94	Esso 8 1/2% 1985	99	100
Austrian 10% 1985	94	94	Esso 8 1/2% 1985	99	100
Austrian 10% 1985	94	94	Esso 8 1/2% 1985	99	100
Austrian 10% 1985	94	94	Esso 8 1/2% 1985	99	100
Austrian 10% 1985	94	94	Esso 8 1/2% 1985	99	100
Austrian 10% 1985	94	94	Esso 8 1/2% 1985	99	100
Austrian 10% 1985	94	94	Esso 8 1/2% 1985	99	100

Buehrle sees another good year

BY OUR OWN CORRESPONDENT

ZURICH, May 26.

THE Oerlikon-Buehrle industrial concern expects a further substantial rise in group turnover for 1976 and another good profit figure. This was stated at a Press conference of Oerlikon-Buehrle Holding AG in Zurich by company president Dr. Dietrich Buehrle.

The sales growth rate, which would probably be rather below the high levels of recent years, would be provided primarily by the machine-building and contravert (arms systems and electronic) divisions. Within the overall increased turnover was likely from the welding technology sector and textiles, as well as from hotel operations and the Limmat Insurance subsidiary. Turnover would, however, probably be down on 1975 levels for the Liechtenstein-based Balmers Group (high-vacuum and thin-layer technology) and real-estate interests.

Group turnover rose 22 per cent. last year to Sw.Frs.1.90bn. (€428m.), although certain income losses were incurred due to Swiss-France appreciation and there was little increase in the total from newly-consolidated subsidiaries. Within the overall unchanged dividend of 12 per cent. the share of military products rose during the year from 42.8 per cent. to 82 per cent. and is expected to stay at about this rate in 1976. The increased importance of the armaments sector is attributed to the fact that this sector was unaffected by the recession. Group profits given for the first time, totalled Sw.Frs.120.4m. and were "considerably above" the undisclosed 1974 figure.

The holding company itself improved its net profits from Sw.Frs.30.98m. to Sw.Frs.32.34m. for the year and the Board is to recommend payment of an unchanged dividend of 12 per cent.

Texasgulf plans Eurobond issue

BY MARY CAMPBELL

TEXASGULF OF CANADA has announced plans to raise a total of \$500m. on the Eurobond market under guarantee of Texasgulf Inc.

The issue is in two tranches, each of \$250m. A ten-year tranche offers an indicated 10 per cent. and a six-year tranche an indicated 8 per cent. Joint lead managers are Morgan Stanley International and Wood Gundy.

Pending capital expenditure, proceeds of the issues will initially be used to prepay a portion of Texasgulf's Canadian dollar bank term notes.

Prior yesterday were issues by Bank of Tokyo and Gulf and Western. The size of the Gulf offer indicated 10 per cent. and Western issue was raised and a six-year tranche an indicated 8 per cent. Joint lead managers are Morgan Stanley International and Wood Gundy.

B & V performance 'good'

BY GUY HAWTIN

FRANKFURT, May 26.

BLOHM and Voss, the Hamburg shipbuilding and repair concern, was highly satisfied with 1975's results and expects a similar performance in the current year. With predictions of this times ahead for the shipbuilding industry, the group finds it hard to make forecasts for 1977.

Dr. Werner Bartels, chairman of the Blohm and Voss Executive Board, said today that performance was good throughout 1975. The concern's consolidated turnover rose by 38 per cent. on the previous year's DM554m. to DM732m. (€161.5m.). Net profits declined from the previous year's DM129.1m. to DM17.3m., while depreciation rose substantially.

The inflow of orders had been less satisfactory. They had declined from DM322m. in 1974 to DM567m. in the ship repair and shipbuilding equipment sector bookings had maintained the previous year's levels, but in the shipbuilding sector itself there was a reduction in supplementary orders. Orders in the mechanical engineering sector had also failed to reach the previous year's level.

Dr. Bartels said that the concern's order book had strengthened in the first three months of the year. By March 31 it had risen by 14.5 per cent. Distributed profits totalled DM55.1m.

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Usinor again to record loss

BY RUPERT CORNWELL

PARIS, May 26.

USINOR, the biggest French steel group, has warned that despite the gathering recovery in the industry—in terms of both "output and prices"—the steel group's 1976 loss reports will still produce an overall loss. Only in 1977 would Usinor be making profits again.

This was the bleak message conveyed by president M. Hue de la Colombe to the annual meeting of shareholders who are still digesting the record (€1.23bn.) loss reported for last year, the worst ever for European steel makers.

M. de la Colombe pointed out that although prices for many products, especially thin plate, were at or almost at the pre-recession levels, the steel group's capacity which was still not fully used.

M. de la Colombe also underlined the weakness of the steel industry's financial position, made even more perilous by the recession. The combined medium and long-term debts of Usinor stood at Frs.12.5bn. (€1.40m.) at the end of last year, more than 50 per cent. greater than consolidated 1975 sales.

General Refractories may break with Mayer

WASHINGTON, May 26.

GENERAL REFRACTORIES Company has been discussing ways to sever its relationship with the Swiss businessman whose holdings in the company's stock are the target of a Government lawsuit.

The company disclosed its negotiations with the businessman, Mr. Hermann Mayer, in a 10K annual report filed with the Securities and Exchange Commission. However, the report also disclosed that Mayer companies account for a substantial share of General Refractories' sales. This suggests that any end to the relationship might be difficult for the company.

The negotiations with Mr. Mayer are part of an effort by General Refractories and two of its top executives, Mr. Joseph G. Hartshorn, executive vice-president, to settle SEC charges pending against them. In a suit filed in a Federal court here last year, the Commission alleged that the company, the two executives, Mr. Mayer and other defendants participated in a 10-year scheme to conceal Mr. Mayer's increasingly substantial investment in the company.

At the SEC's request, a Federal judge here subsequently enjoined the 60-year-old Swiss businessman, together with companies and individuals associated with him, from selling, transferring or making other transactions in the 640,000 General Refractories shares they control or own. The judge found that General Refractories apparently "was injured and wrongly deprived of benefits and assets" as the result of its dealings with Mr. Mayer. Mr. Mayer is appealing against the order.

In its 10K report, covering calendar 1975, General Refractories contends that the company is "well-served in areas serviced by distributors and agents owned or controlled" by Mr. Mayer. Elsewhere in the report, though, the company says that its efforts to settle the SEC complaint "from time to time have included discussions" between itself and the Mayer interests and discussions between counsel for the Mayer interests and representatives of the staff of the SEC. The discussions with the Mayer interests have included (the subject of) terminating relationships between the company and companies owned or controlled by Mr. Mayer. In its discussion of General Refractories' dealings with the Mayer companies, the report shows that General Refractories' sales to Mayer companies totalled \$72m. last year, equal to nearly 65 per cent. of sales in Europe by the Philadelphia-based maker of fire bricks and other products and nearly 23 per cent. of its overall sales; the sales figure includes \$9.3m. of magnesite (used to make refractory products) that Mayer companies resold to General Refractories and its subsidiaries; the Mayer companies received gross commissions of 84m. on refractory and building products purchased from General Refractories and had a net gain of \$800,000, after finance and transport charges, on the magnesite resold to the company.

However, the figure does not reflect the related operating expenses of the Mayer companies, the report states.

In one transaction mentioned in the report, General Refractories apparently used Establishment Aldo, a Liechtenstein company which the SEC contends is controlled by Mr. Mayer, to avoid payment of U.S. taxes on income rights owned by a General Refractories subsidiary, General Magnesite Handels Anstalt.

The transaction occurred in December 1972, when the General Magnesite subsidiary transferred the income rights to another Liechtenstein company, Minorex Handels Anstalt, for \$8m. Minorex, in turn, transferred the rights to Aldo, and in January 1973, the subsidiary purchased a 58m. debenture from Aldo. The debenture had a term of two years and carried an interest rate of 31 per cent. AP-DJ

PORTER CHADBURN LIMITED

Further advance in pre-tax profit

Results at a glance

	1976	1975
£000	£000	£000
Turnover	8,567	7,227
Profit before Tax	691	623
Dividends (net)	139	127
Profit retained	187	227
	p. per share	p. per share
Earnings	10.61	9.89
Net dividends	4.29	3.93
Equivalent gross dividends	6.60	6.00

* The trading of the Group in the first half of 1975/6 was much influenced by the low level of capital expenditure by the major brewers. A considerable improvement took place in the second half and this has been a major factor behind the increase in profit earned in the last six months.

* Despite the annual rate at which profit has been earned in the second half of 1975/6, I do not anticipate any dramatic increase in our profit for 1976/7 but, because of the spread of our activities and markets, will be disappointed if we cannot effect some improvement on 1975/6.

Highlights from the Statement by the Chairman D. C. Bamford, C.B.E.

Operating subsidiaries

PORTER-LANCASTRIAN LTD.
PORTER CHADBURN (PLASTICS) LTD.
THE CLAYTON CRANE & HOIST COMPANY LTD.
A. H. SENAR LTD.
A. ROBINSON (ENGINEERING SERVICES) LTD.

A review of the operating subsidiaries is included in the Full Report and Accounts and Chairman's Statement which may be obtained from the Secretary, PARK LANE WORKS, NETHERTON, SOUTHEAST, MERSEYSIDE.

RoyNat Ltd.

(Incorporated by Letters Patent under the Canada Corporations Act)

Can. \$20,000,000 9 1/2% Secured Notes Series Q 1981

Issue Price 99 1/2%

Wood Gundy Limited

Credit Suisse White Weld Limited

Kredietbank S.A. Luxembourgeoise

Union Bank of Switzerland (Securities) Limited

Lévesque, Beaubien Inc.

The Council of The Stock Exchange of the United Kingdom and the Republic of Ireland has admitted the \$0,000 Secured Notes to the Official List. The Listing of the Secured Notes on The Stock Exchange will be expressed in Can. Dollars for each \$1,000 principal amount (exclusive of accrued interest) and transactions will normally be effected for settlement in that currency for delivery on the seventh calendar day after the date of the transaction. Dealings from Thursday, 27th May, 1976 up to and including Wednesday, 23rd June, 1976 will be for deferred settlement on Thursday, 24th June, 1976.

Full particulars of the Secured Notes are available in the statistical services of Exel Statistical Services Limited and information can be obtained until Thursday, 10th June, 1976 from:

Wood Gundy Limited
30 Finsbury Square
London, EC2A 1SB
27th May, 1976

R. Nivison & Co.
25 Austin Friars
London, EC2N 2JB

Orion Bank Limited
1 London Wall
London, EC2Y 5JX

مكتبة الانشال

NIESR REVIEW FORECASTS IMPROVED BALANCE OF PAYMENTS

Fall in pound 'will aid growth but speed inflation'

BY ANTHONY HARRIS

THE DECLINE of sterling, now a level which discounts expected increases in U.K. costs to about next spring, will improve growth and the balance of payments but worsen inflation. The National Institute of Economic and Social Research, in its May Review, published today, the institute forecasts K. growth of 3.4 per cent, this year and 3 per cent next year, after 2.8 per cent in 1975.

However, this growth is attributed entirely to an improvement in the balance of payments, which could reach about the level of next year, and some building of stocks, together with the beginning of a revival in manufacturing investment, consumer spending, after growth of 0.4 per cent this year, is expected to fall back in 1977, in all terms to its level last year. The institute expects more "slippage" under the 4.4 per cent agreement with the U.K. than the Government has indicated, and this fact, together with a forecast of a substantial fall in commodity prices, leads to a considerably less encouraging inflation forecast.

Forecast

The latest figures are also more, but not dramatically so, than the inflation rates implied by the recent admission by Mr. Shirley Williams, Secretary for Prices and Consumer Protection, at the House of Commons, that the Government's anti-inflation programme about three months behind schedule. The institute's forecast is that the end of this year prices will be 14.6 per cent higher than the end of last year, which implies some acceleration in the underlying rate of inflation in the second half of this year, as higher import prices "work through" to the consumer market.

This compares with an original target of just under 10 per cent, modified in the Chancellor's Budget speech to the House of Commons, and now said to be "in the neighbourhood of 10 per cent". For 1977, the institute forecasts a price increase of 8.6 per cent, fourth quarter to fourth quarter, compared with an official target of about 7 per cent. This implies a sharp drop in real incomes, in spite of the forecast that earnings will rise about 8.4 per cent, under the new policy, compared with the Treasury estimate of 6.4 per cent. Real incomes are forecast to fall

Trade balance

The outlook for the balance of payments, though broadly similar in terms of the balance to many other forecasts, is based on considerably lower growth rates both for exports and for imports than other predictions, notably that of the Treasury.

The Review says that the rapid volume growth of exports in recent months has been due to identifiable special factors, and cannot be expected to continue, citing the relatively weak export orders reported by the engineering industry as evidence. Exports are forecast to remain at about their present volume for the next

same as for 1975 (and in line with the more pessimistic Whitehall forecasts). For 1977 the gap should narrow to £0.9bn, for the year as a whole, with a steady improvement through the year, nearing balance by the end of the year.

A striking feature of this forecast is that the depreciation of sterling could have a dramatic impact on the import of consumer goods. In sharp contrast to some other forecasts—namely the Cambridge Economic Policy Group and the TUC—the National Institute expects that the depreciation of sterling will reduce the volume of imports by as much as 12 per cent, below the level which past calculations would suggest by the end of 1977.

Main source

This implies that import substitution as well as exports will be the main source of output growth in the U.K. during the next two years. If the current account develops according to forecast, the institute believes that the

lead to monetary growth of a little over 14 per cent this year on the M3 measure, and about 13.1 next year. The review warns that in these circumstances the authorities would be relying solely on the incomes policy to restrain the growth of earnings: the money supply would be adequate to finance wage inflation.

Liquidity

It might therefore be necessary to reduce bank liquidity through a call for special deposits, but this would not imply any need to restrain private lending, which is seen as growing at a modest pace.

Given the subdued forecast for growth, it is not surprising that the National Institute remains cautious about the prospect for employment. The May forecast, though less depressing than the one published in February, still looks for an unemployment level of 12.1 per cent by the end of 1977, falling only to 1.05m. by the end of 1977.

facturing private industry. But both remain far below their 1974 levels even at the end of 1977, while cuts in public sector investment and North Sea development, together with a very sluggish housing picture (with a private sector recovery barely doing more than make good the cuts in public sector house building) there is little change seen overall.

The predictions clearly imply a sharp recovery in profits, though no figures are given. The Review remarks that there is clearly scope for an improvement in profit margins, as export growth and import substitution enable industry to achieve a better level of capacity utilisation.

The public sector, on the other hand, is shown as making little progress with its deficit. The

MONEY STOCK, PUBLIC SECTOR BORROWING REQUIREMENT AND BANK LENDING									
Change in money stock M3 (per cent change)	Public sector borrowing requirement	Net acquisition of public sector debt		Changes in financial assets and liabilities of the banking sector				Net deposits of UK residents	Net other liabilities
		By UK residents (non-bank)	By overseas	Lending to	Public sector	Private sector	Transfers		
		Currency	Other	Public sector	Private sector	Transfers	Valuation changes		
1974	4,221 (12.6)	4,256	1,490	709	3,456	701	4,671	3,512	1,860
1975	2,871 (7.6)	10,464	694	796	5,564	3,408	231	1,697	1,942
1976	4,620 (14.5)	11,100	2,000	710	4,360	4,030	2,880	5,810	1,900
1977	4,370 (12.7)	10,600	800	500	5,280	4,020	3,620	5,740	1,900

Source: NIESR Review.

SECTOR BALANCES

	1974	1975	1976	1977
Public	-5.4	-8.2	-9.5	-9.0
Non-financial companies	-3.2	-0.3	-1.5	-1.2
Financial companies	-0.4	-0.3	-0.3	-0.3
Personal	-4.8	-6.2	-5.7	-5.4
Overseas	-3.7	-1.7	-1.7	-0.9
Residual error	-0.5	-0.9	-0.9	-0.9

Source: NIESR Review.

Cammell Laird may lay off more men

BY OUR LABOUR STAFF

REPRESENTATIVES of management and shop stewards from Cammell Laird Shipbuilders of Birkenhead travelled to Largs, Ayrshire, yesterday to hold talks with national officers of the Boilermakers' Amalgamation on a dispute at the company's yard which has led to the dismissal of 95 scaffolders and the laying-off of 400 boilermakers.

The company said last night that, if no agreement was reached there would be further lay-offs to-morrow. The boilermakers have been in conference at Largs all week. Meanwhile, Mr. Eric Varley, Secretary for Industry, yesterday denied union claims that he had blocked a bid by Bristol Channel Shipbuilders to re-open Greenwell dry dock on Wearside. He informed Mr. Harry Wilkinson, Sunderland district officer of the Amalgamated Union of Engineering Workers, that he was "very pleased" at Bristol Channel's interest in the yard and said his department was co-operating with the company by supplying information needed for a sound commercial decision.

Earlier this week Mr. Wilkinson said engineers on Wearside would take industrial action and disaffiliate from the Labour Party if the Government did not end its obstruction of the Bristol Channel take-over bid.

Plessey group to make video system for RCA

PLESSEY has signed a seven year licence agreement with the RCA Corporation under which Giffard Engineering, the Plessey Consumer Electronics subsidiary with manufacturing and market players in the RCA Selecta-vision videorecorder system. The system which uses a special 12 inch vinyl record—similar in appearance to an LP—carries both audio and video signals. These are played on a unit similar to a conventional record player which transmits a video connection to a normal television set.

THE BALANCE OF PAYMENTS (ON CURRENT ACCOUNT), GDP, AND CONSUMERS' EXPENDITURE

	1975	1976	1977	1975	1976	1977	1975	1976	1977
Values (£m.)									
Visible balance	-3,200	-3,280	-3,010	-986	-683	-438	-767	-1,019	-836
Balance of invisible	+1,498	+1,628	+2,109	-361	-377	-340	-404	-421	-443
Current balance	-1,702	-1,652	-901	-625	-306	-78	-583	-598	-393
Effective exchange rate 16 December 1971 = 100	74.3	64.5	59.9	72.5	70.5	66.6	63.5	61.3	63.0
Terms of trade, goods (1970 = 100)	84.2	83.4	83.1	87.9	87.9	87.5	89.8	81.9	84.1
GDP (1974 = 100)	101.8	105.2	107.6	108.3	102.1	104.5	105.1	105.7	105.5
Consumers' expenditure (1974 = 100)	99.8	100.2	99.8	99.4	99.3	100.3	100.0	100.4	100.2

Source: NIESR Review.

The Review remarks that there is still evidence of substantial labour hoarding in industry, some of it officially encouraged through the Temporary Employment Subsidy; and adds that with two years of falling productivity, there is clearly scope for catching up.

The forecast for investment shows little recovery next year in total from the low levels reached this year. Manufacturing investment is shown as recovering quite sharply through 1977, after falling still further this year, with a somewhat slower recovery by non-manufacturing.

With a growing invisible surplus, the current balance for 1976 is forecast at £1.2bn, the

deficit can be financed by private and official market borrowing, without further recourse to the IMF or to friendly central banks.

But since the inflation forecast implies some further depreciation of sterling, foreign funds can only be attracted if the authorities are willing to maintain an adequate margin for U.K. interest rates over those ruling in New York.

If this policy is followed, U.K. short-term interest rates would be expected to rise by about 2 per cent, during 1976 (largely achieved by now) and a further 1 per cent in 1977. This would

outlook, though less alarming than in February, are still far below their 1974 levels even at the end of 1977, while cuts in public sector investment and North Sea development, together with a very sluggish housing picture (with a private sector recovery barely doing more than make good the cuts in public sector house building) there is little change seen overall.

The predictions clearly imply a sharp recovery in profits, though no figures are given. The Review remarks that there is clearly scope for an improvement in profit margins, as export growth and import substitution enable industry to achieve a better level of capacity utilisation.

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New energy sources may hold key to Western trade prospects

BY MALCOLM RUTHERFORD

THE TERMS of trade for the industrialised countries are only to worsen in the next 10 years, but the extent to which it happens will depend on developments in oil prices after 1980. That is the main conclusion of the Review's chapter on "Primary Products and Prospects to 1985" by Mr. G. F. Ray, Secretary for Prices and Consumer Protection. Mr. Ray argues that the present situation in oil and energy markets is likely to remain unchanged for another three or four years. By the late 1980s, however, oil from Alaska and the North Sea will be in sufficient quantities to reduce significantly demand for oil from OPEC. It is also possible that by then strength of the OPEC cartel

will have been gradually weakened with the more advanced members (Iran, Algeria, Nigeria and perhaps Iraq) ready to raise production in order to maintain or increase revenues.

This could lead to the decisive period coming in the early 1980s when it will become clear how successful the industrialised world has been in developing alternative energy supplies. If successful, Mr. Ray says the relative price of oil will fall. Even an absolute fall is not out of the question. On the other hand, if it emerges that the world has to continue to rely mainly on oil—and therefore on OPEC—oil prices will start to rise again, ahead of other prices. Mr. Ray assumes that the

actual price of crude will be 25 per cent higher in 1980 than in 1975. If it then continues unchanged until 1985, this will represent a considerable fall in real terms.

On this basis, prices for agricultural products are likely to be 30-35 per cent higher in 1980 than in 1975, and for metals and minerals 45-50 per cent higher. By 1985, on the assumption of oil price stability, agricultural prices are estimated to be 75-80 per cent higher than in 1975 and metal prices just over twice as high.

The assumption for the rise in the price of manufactured goods between 1975 and 1985 is 5 per cent a year, which equals 60 per cent over the 10-year period. If the assumption about oil price stability is wrong and oil prices again advance between 1980 and 1985, prices would rise right across the board and the increase in primary product prices relative to manufactures would be rather greater. This is because of the high energy content of agricultural and metal production.

Either way, however, the outcome, according to Mr. Ray, is for a "worsening of the terms of trade for the industrial countries and an improving trend for primary producers." Mr. Ray does not believe there will be any shortage of any natural resource in the ten-year period, but there are attendant dangers in the lack of investment in productive equipment to replace known reserves into available supplies. These two factors could lead to shortages in the mid-1980s.

On metals and minerals, he notes that hardly any major investment has been started in recent years. High existing

stocks and excess capacity may secure the necessary supplies into the early 1980s, but there could be a metal scarcity around 1985. This would be probably most acute for copper.

The lack of investment is most marked in the developing countries because the major mining companies are deterred by threats of nationalisation and pressure from host governments for high participation and taxation.

Mr. Ray suggests that unless some satisfactory method of guarantee can be worked out in international negotiations, "expansion of the natural resource base will be hampered in virtually the whole of the third world and also in some of the developed countries, although this expansion will become very necessary in the next decade."

Turning to agriculture, world demand for food is seen as rising only fractionally faster than in the past. The Third World is also devoting more emphasis to agriculture in its development plans.

Here too, however, there is an investment problem and the problem of the time lag before investment pays off. Agricultural programmes, for example, require not only equipment but also irrigation systems. If investment capital is not channelled into these sectors, there could be severe shortages before the end of this century. After the "green revolution" of recent years, Mr. Ray says it is difficult to foresee any further technological development which would fully offset the accompanying cost-raising effects caused by such factors as the need for more fertilisers, equipment and energy.

All these special factors work in the direction of higher prices.

CHANGES IN THE PRICES OF PRIMARY PRODUCERS' COMMODITY EXPORTS

	Food	Agricultural materials	Metals and minerals	All commodities
1974 IV	1974 IV	1974 IV	1974 IV	1974 IV
1975 II	1975 II	1975 II	1975 II	1975 II
Per cent change				
1972 to peak	+133	+100	+182	+92
Peak to trough	-28	-30	-23	-18
Trough to April 1976	+15	-17	+8	+14
April 1976 to 1977 IV (forecast)	+10	+18	+33	+17

Source: NIESR Review. (a) In terms of "new" SDRs.

COMPARISON OF FORECASTS

		Percentage changes	
		2nd half 1976/1975	1st half 1977/1976
Exports of goods and service	NIESR	7.2	4.9
	FINSTAT	9.4	9.6
	LBS	-6.6	7.2
Imports of goods and service	NIESR	-4.6	-1.0
	FINSTAT	0.0	3.1
	LBS	0.3	2.5
Public(b)	NIESR	-7.1	-7.8
	FINSTAT	4.9	-2.3
	LBS	-4.4	-0.8
Private(b)	NIESR	-3.2	3.2
	FINSTAT	-3.5	7.5
	LBS	-3.0	5.1
Government current expenditure	NIESR	1.6	0.3
	FINSTAT	0.9	0.9
	LBS	1.6	0.0
Government expenditure	NIESR	1.5	-0.2
	FINSTAT	2.3	1.4
	LBS	1.8	1.5
Building (£m., 1970 prices) (a)	NIESR		
	FINSTAT		
	LBS		
Final expenditure	NIESR	3.1	2.0
	FINSTAT	4.2	5.2
	LBS	4.2	2.8
Exports of goods and services	NIESR	0.0	2.8
	FINSTAT	6.5	9.3
	LBS	5.3	7.9
Subsidies to factor cost	NIESR	1.5	1.7
	FINSTAT	2.3	3.4
	LBS	1.4	1.6
Imports of domestic product(c)	NIESR	4.1	1.9
(at factor cost)	FINSTAT	3.9	4.0
	LBS	4.4	2.7

WALL STREET OVERSEAS MARKETS

Firm start hit by 'blue chip' weakness & at new low

BY OUR WALL STREET CORRESPONDENT

NEW YORK, May 26

WEAKNESS in some 'blue chip' stocks undermined the firm tone of prices on Wall Street today, pushing prices lower by mid-session. Fears over tighter U.S. monetary policy and higher interest rates were a further unsettling factor.

Closing prices and market reports were not available for this edition.

money policy and higher interest rates were a further unsettling factor.

By 2 p.m., however, the Dow Jones Industrial Average had recovered from being five points down to stand at 987.71—a loss of 3.98—while the NYSE All Loss of 51.77.

TUESDAY'S ACTIVE STOCKS

Stock	Change	Stock	Change
Am. Oil	1.00	Am. Tobacco	0.12
Am. Steel	0.12	Am. Telephone	0.10
Am. Sugar	0.10	Am. Express	0.08
Am. Gas	0.08	Am. Electric	0.06
Am. Paper	0.06	Am. Chemical	0.04
Am. Food	0.04	Am. Textile	0.02
Am. Drug	0.02	Am. Medical	0.01
Am. Beer	0.01	Am. Wine	0.01
Am. Lumber	0.01	Am. Furniture	0.01
Am. Clothing	0.01	Am. Retail	0.01
Am. Services	0.01	Am. Transportation	0.01
Am. Utilities	0.01	Am. Real Estate	0.01
Am. Insurance	0.01	Am. Finance	0.01
Am. Banks	0.01	Am. Trusts	0.01
Am. Securities	0.01	Am. Investment	0.01
Am. Hedge Funds	0.01	Am. Private Equity	0.01
Am. Venture Capital	0.01	Am. Private Debt	0.01
Am. Hedge Funds	0.01	Am. Private Equity	0.01
Am. Venture Capital	0.01	Am. Private Debt	0.01

A delayed opening—the nation's largest stock market—announced yesterday plans to offer \$400m. worth of debentures.

Dow Chemical lost \$31 to \$1044 following a flat earnings prediction for the second quarter.

Santa Fe International gave up \$1 to \$28.1, Hewlett-Packard \$1 to \$101, Johnson and Johnson \$1 to \$85, Celanese Corp. \$1 to \$481 and Texas Instruments \$1 to \$117.

Marathon Oil improved \$1 to \$58.1—it expects the utilisation of the Yates oil field in West Texas, approved yesterday by the Texas Railroad Commission, to enable it to increase the field's yield by 2m. barrels.

Prices on the American Stock Exchange pointed higher in light trading. The index was 0.8 ahead at 102.96 by 2 p.m., when volume had reached 1.1m. shares (1.1m.).

Houston Oil and Minerals, volume leader, added \$1 to \$54.2, despite flat earnings for the third quarter and lower profits for the nine months.

Presley Cos lost \$1 to \$81, continuing its recent slide.

OTHER MARKETS

Canada irregular

Price movements on Canadian stock markets showed clear trend by noon yesterday. Among the major indices, Golds were again showing strong with an advance of 7.37 to 279.40.

Also ahead were Banks, up 2.74 at 232.47, Western Oils, 1.35 higher at 239.32, and Utilities, 0.05 up at 143.50. Papers fell 2.57 to 120.89, Base Metals 0.79 to 58.79 and Industrials 0.41 to 182.06.

PARIS—Higher, following President Giscard's television speech last night and bourse rumours of possible amendments to the Government's projected capital gains tax.

Soods, Rubbers and Motors led most sectors higher, with Metals and Chemicals steady.

Among foreigners, Americans gained, with Germans steady and Dutch unchanged.

AMSTERDAM—Fractionally higher. Among the Internationals, the rose 21.42, Royal Dutch 2.3 to 21.23 and Unilever up 0.4 to 21.23.

Banks gained, while Insurances were steady. In Transportation, Holland America Line was steady at 21.94 while KLM gained 1.2 to 21.94, but Van Ommen fell 3.0 to 21.22.

Dutch Industrials recorded some strong gains.

BRUSSELS—Quiet ahead of the long week-end.

Accel fell sharply to lose all its gains since declaring a reduced dividend. Vio dropped 2.00 to 21.94, while Belfry rose 0.25 to 21.94.

U.S. Petroleum and Petrofina rose while Canadian Petrofina eased.

GERMANY—Prices rose in an early technical reaction, reflected in a rise of 3.1 to 736.1 in the Commerzbank Industrials. Some of these gains were lost in the afternoon, however.

Sharply higher profits by Mannesmann—up 213.50 to 213.50—was a positive influence.

Other Steels were steady to lower. Banks were all higher. Commerzbank rose 21.70 to 21.70, Deutsche Bank 21.30 to 21.30 and Dresdner Bank 21.30 to 21.30.

In Chemicals, Bayer rose 90 pfennigs to 21.23, BASF 21.30 to 21.30, Schering AG, which reported higher profits, rose 21.30 to 21.30.

SWITZERLAND—Tending easier in moderate turnover.

Both Swissair dropped and Banks edged lower, but Financials held steady.

Bally advanced 5.75 to 5.75, Swissair 5.75 to 5.75, and Swissair 5.75 to 5.75.

CORPUSCULES—Generally lower in active dealings.

OSLO—Industrials Irregular.

VIENNA—Sempit, Schwechat, and lower. Treacherer reached a yearly high. Banks were neglected.

MILAN—Mixed to higher in quiet trading, on selective institutional buying.

Assicurazioni Generali weakened 1250 to 44900 after announcing lower 1975 profits.

Elsewhere Fiat, Saba Viscosa and Olivetti (Olivetti) gained.

TOKYO—First section share prices rebounded, but second section issues expanded from 210m. to about 230m. shares in the first section, and by 4m. to about 13m. shares in the secondary market.

Some electricals advanced, along with Foods, Housing and Speculators.

Rioch, which announced a decline in earnings, rose 10 cents to 21.30, but Kansai Electric Power, which disclosed an earnings gain, was unchanged at 21.30.

Yokohama Rubber gained 11 to 21.30 on news that Toyota Motor—down 16 to 21.30—has accepted a price increase by tyre suppliers.

HONG KONG—Prices rose on a broad front in moderate trading, helped by reports that the oil price may not increase. Many share prices closed at their best of the day. Gainers included Hong Kong Bank up 70 cents to 21.30, Hutchison, up 10 cents to 21.30, and HSBC, up 10 cents to 21.30.

Costs were mixed with AAR and Thies weakening, while Cal and Allied rose 5 cents to 21.30.

In Industrials, BHP dropped 10 cents to 21.30, and CSR 5 cents to 21.30. Among banks, the NSW lost 2 cents to 21.30.

Property Groups eased with Hooker down 2 cents to 21.30 and Land Lease down 3 cents to 21.30.

Investment premium based on \$2.50 per £1—113.1% (112.5%)

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FARMING AND RAW MATERIALS

Tin prices surge to record

By Our Commodities Editor

PRICES surged to a record on the London Metal Exchange yesterday in a market described as "virtually devoid of sellers."

Standard grade cash tin sold 288 a tonne higher, at 330, exceeding the previous high reached in September 1974, a three months quotation also set at a record of 24,450 on late Korb.

A rise in the Straits tin price fell below the 1974 peak in the Penang market overnight set to a tone for a higher opening in London.

The fall in sterling, and sorted buying interest from the U.S. and Europe, as well as from speculators, all combined to push the market up, and the only resistance encountered was some sticking sales.

Other metal prices also moved steadily, reflecting the sharp rise in the value of sterling. A mood in the copper market seems to have changed again, with suggestions that the metal is being oversold in the recent upward move. Yesterday, cash moved up steadily, cash rebars closing 114.5 a tonne, silver values shot up, reflecting higher prices in the U.S. and a rally in gold.

Reuter reports from Lima say that Peru will announce its position on Chile's reported decision to start producing copper before the next Ciper meeting in Paris.

A spokesman in the commercial department of the State Mining Company, Minera Peru, declined to comment on speculation that Peru might also produce a lifting of the production quota. Asked whether he thought the Chilean decision had affected the copper market, he replied: "Apparently not."

Cheaper potatoes expected as new crop lifting begins

By Peter Bullen

CHEAPER POTATOES should be on the way for consumers over the next few months, Mr. Geoffrey Grantham, Potato Marketing Board chairman, said yesterday, but consumers should be prepared to pay at least 6p a pound for them in the future, he said.

First taken liftings of the English new potato crop had started and general lifting of early varieties would be under way next week in Cornwall, Pembroke and Kent.

As for the main crop, plantings were up by 15,000 acres, to around 460,000, and conditions at planting time had been ideal, the best for many years. Given reasonable conditions between now and autumn, in particular sufficient rain, the crop should yield enough for normal requirements, Mr. Grantham forecast.

But the PNB's highest worry now is the drastic fall in the potato eating habit in Britain. It suggests that the steep rise in prices over recent months, which will be down by about 14 per cent, for the year as a whole.

while in the past few weeks the drop has been around 50 per cent.

The longer-term trend of a slight, but steady, rise in potato availability has been reversed, instead of 220 lbs. per head eaten for this year, the figure will be down to about 190 lbs., the PNB estimates.

In an effort to overcome the drop, the Board is beginning a £250,000 promotion campaign—£100,000 more than it usually spends—to boost sales of new and maincrop potatoes.

Mr. Grantham said it would encourage growers to market as attractive samples as possible. Growers had complained in the past that, with prices at 2p to 3p per pound, there was no incentive to put quality potatoes on the market.

Since then prices had reached levels which no one had dreamed were possible, which indicated that consumers were prepared to pay more to get what they wanted.

Potato growing costs had also been soaring in the past year or two. They now stood at over £3.50 an acre, and the small increase in acreage this year of 15,000 acres—half the area made available by the recent reversal—kept the average return to producers at about £104 a ton, but the yield had dropped by more than a quarter, to under 9 tons an acre.

To make the job worth while for potato growers in the future, retail prices of potatoes would have to average 6p a pound, said Mr. Grantham. Already, there had been a steep drop in old potato prices, from about 18p a pound to 10p-12p a pound. By September they should be down to about 6p, he said.

Looking further ahead, he said PNB plans for a common potato policy were disconcerting. It would be against both consumers and producers' interests if the sophisticated system that had been developed in the U.K. for marketing potatoes had to be discarded.

Cocoa leaps as shortage worsens

By John Edwards

COCOA PRICES soared to new records on the London futures market yesterday, boosted both by the fall in the value of sterling and a worsening shortage of immediately available supplies.

The May (spot) position (topped the £1,200 a tonne mark for the first time, closing 534 up, at £1,211.5, and the July position gained as much as £58, to £1,157.5.

But increases in the more distant positions were much more modest. December was only £11.5 higher than the previous close.

The disparities underline the influence of the increasingly tight nearby shortage, aggravated by shipping delays from Nigeria. But market sentiment is generally "bullish," hosted by consumer, as well as speculative, buying interest.

It is thought likely, however, that there will be some reaction to the recent surge in values, especially when trading in the May position expires.

Coffee prices, meanwhile, also reached new peaks on the London market yesterday. The July position gained a further £20 a tonne, to close at £1,467.5, exceeding the previous record closing level achieved earlier this month.

The continued rise was attributed to buying interest from U.S. roasters, putting up New York prices, as well as the weaker tone in sterling.

U.K. SUGAR BEET

A good start, but crop still at risk

By David Richardson

OFFICIALS OF the British Sugar Corporation refused to be drawn on yield prospects for this year at yesterday's national spring sugar beet demonstration near Newmarket. They would only say that the potential exists for an average crop, but that everything depends on weather and disease from now on.

Plenty of rain is needed. It was appropriate, therefore, that demonstrators had been equipped with precision drills and equipment to control weeds were raised off by a downpour at one stage yesterday. I have never seen so many cultivated people wearing such broad smiles as they ran for cover.

But showmen have been very scattered: significant quantities of beet are still in the ground, and the Corporation's hope for an average crop is to be satisfied. There is no doubt, however, that the crop not off to a good start. Of the record 511,000 acres of sugar beet contracted to be grown by farmers this year, 97 per cent were drilled by April 10. Last year only 16 per cent of the contracted acreage was in the ground by that date.

Although growth has been slightly retarded by lack of rain and cold soil temperatures, most crops look reasonable and some very good.

Some re-drilling has been necessary because of poor seedling emergence, or "flea-blow," during which the seedlings disappear in clouds of top soil. But this has been limited to around 2 per cent of the total contracted crop (10,000 acres), the BSC says.

Given good growing conditions, therefore, 1976 should not be a repeat of the last two years, in which sugar beet yields have averaged only ten tons per acre—two thirds of the 18-ton average of the 1950s and 1960s. Although the lack of rain has dominated sugar beet growers' thoughts so far this season, the next—and perhaps more serious—threat is aphids.

The damage these green insects can do to the beet crop is well known. As they feed on the growing plants with virus which turns the leaves yellow, making it impossible for them to absorb and convert energy from the sun into energy in the form of beet sugar in the roots. Experts believe that 3 per cent of sugar yield is lost for every week that plants show symptoms of virus yellows.

Significant attacks of aphids normally do not occur until mid-June. This year, however, reports co-ordinated by Broms Barn, the sugar beet research station in Suffolk, indicate that there has been a dramatic build-up of the pests in the past few days. Numbers are said to be ten times what they were last year, and considerably higher than in 1974—the worst year of record for virus yellows damage.

Why such large numbers of aphids have suddenly appeared is not yet clear. Infestation of normal host crops during the winter was not exceptional and there was little warning of the

build-up, which has been encouraged by the long dry spell.

One expert's theory, not yet substantiated, is that the aphids might have overwintered on crops of oil seed rape. This seems a distinct possibility as the rape of the 1975 crop is now being cut and measures to control aphid infestation on it are seldom thought necessary.

The word has gone out to sugar beet growers, however, that aphid control measures are urgently necessary. A few years ago, such measures would have been relatively simple and straightforward to carry out, but it is becoming evident that aphids are developing an immunity to ornithophosphorus, the main weapon against them in the past.

Immunity is acquired and irregular and farmers are being advised to use a carbamate-based spray if first attempts with ornithophosphorus fail to work. There is a danger that aphids will develop immunity to both compounds in due course, and there is virtually no other alternative available.

While it is far too early to start predicting disaster for this year's sugar beet crop, the main ingredients for disaster—aphids and aphids—are already in evidence. Growers, myself included, hope their fears of a third disastrous crop in a row are not realised.

But if the worst happens and this crop is a failure, the future of U.K. sugar is general, and the BSC's expansion plans in particular, must be in jeopardy.

EEC skimmed milk censure move

By Our Commodities Staff

THE EUROPEAN Conservative group has tabled a motion of censure in the European Parliament on the EEC Commission's "ill-conceived" scheme for disposing of surplus skimmed milk powder.

The British-Poultry Federation said yesterday that the Group's action was the climax to the Federation's long, but determined, efforts to expose the ineptitude of the Commission's milk powder proposals.

The positive action by the Federation is in direct contrast

to the somewhat insipid and negative approach by other European states," said Mr. Len Wright, Federation chairman.

"Our appeals for co-operation in the submission of a collective censure motion were not successful, but the only alternative was for the Federation to go it alone."

"We hope the motion will at least press home the mood of indignation and frustration within the U.K. poultry industry, and that it will serve as a warning . . . that the industry will

N. Indian tea output up

By Our Own Correspondent

By CALCUTTA, May 26.

TIMELY RAIN in North India in the first four months has pushed up tea output to 25m. kilograms, compared with 18m. in the corresponding period of 1975, when tea estates suffered a prolonged drought.

South Indian tea output to 16m. kilos so far this year, from 22m. in the equivalent period of the previous year.

Thus, on balance, the Indian tea output is more or less the same as it was in the January-April period of 1975.

Total tea output during 1975 was 487m. kilos, compared with 400m. in the previous year. The shortfall was largely because of lower output in North India, and also the cost to the Community of the 1975-76 tea season. The target for this year is 498m. kilos.

EEC cane sugar price compromise likely

By Canute James

CANE SUGAR exporting countries of the African, Caribbean and Pacific (ACP) group now appear more willing to bend their demands slightly when they meet the EEC Farm Commission, Mr. Pierre Lardinois, in Brussels to resume negotiations on the price to be paid for 1.3m. tons of sugar, which the Community will import during 1976-77.

The ACP negotiating team is awaiting full details of the new mandate given to Mr. Lardinois at last week's Farm Ministers' meeting. But there have been indications already from sources

close to the negotiations that the exporters are likely to accept that the 1976-77 price be made retroactive, to cover shipments during the May to June period, dropping demands that the price be applied to the January to June period.

Although the new price will mean that ACP exporters will earn just over a half of what they did from sugar last year, the group still maintains that the £180 offered by the Community is not within the range of prices being obtained in the Community, and is therefore a violation of the Lomé Convention. There is, therefore, no indication

RUSSIAN BOOST FOR FERTILISERS

WASHINGTON, May 26.

Soviet mineral fertiliser output is continuing to receive strong impetus during the 1976-1980 five-year plan, a U.S. Agriculture Department field dispatch from Moscow reports.

It says planned production this year is estimated at 94.4m. tonnes, and is projected to reach 143.0m. tonnes by 1980.

In 1975, gross mineral fertiliser output for the U.S.S.R. totalled 12m. tonnes.

Apple imports protest

A SERIOUS attempt to rationalise the international apple industry with the aim of increasing the apple consumption in Europe would be infinitely preferable to restricting imports from the southern hemisphere countries, Dr. N. A. B. Bestler, director of the Deacidus Fruit Board, claimed in the annual lecture given by the Worshipful Company of Fruiteers at Wyke College of Agriculture, Kent.

He said that the restriction on

southern hemisphere supplies would not solve the problem of structural surpluses in European production.

Despite improvements in controlled atmosphere storage techniques and the switch to varieties with a longer storage life, Dr. Bestler questioned whether European producers would be giving the annual lecture audience by the Worshipful Company of Fruiteers at Wyke College of Agriculture, Kent.

He said that the restriction on

Apple imports protest

It states "that this ill-conceived scheme has severely penalised, and continues to penalise, those agricultural producers who hold no responsibility for surplus production."

The motion, tabled by Sir Peter Kirk, leader of the European Conservative Group, deplores the lack of consultation by the European Parliament Commission regulations for taxing protein imports and the posing of skimmed milk powder. It also deplores the considerable differences between the Commission's proposals for incorporating milk powder in animal feeds, discussed by the European Parliament, and the regulations actually brought into force.

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COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Gained further ground in trading on the London Metal Exchange. Forward metal opened at 330.5, rose to 331.5, then fell to 330.5, and closed at 330.5. Three months 330.5, six months 330.5, and twelve months 330.5.

ALUMINIUM—Forward metal opened at 225.5, rose to 226.5, then fell to 225.5, and closed at 225.5. Three months 225.5, six months 225.5, and twelve months 225.5.

ZINC—Forward metal opened at 115.5, rose to 116.5, then fell to 115.5, and closed at 115.5. Three months 115.5, six months 115.5, and twelve months 115.5.

NICKEL—Forward metal opened at 105.5, rose to 106.5, then fell to 105.5, and closed at 105.5. Three months 105.5, six months 105.5, and twelve months 105.5.

LEAD—Forward metal opened at 105.5, rose to 106.5, then fell to 105.5, and closed at 105.5. Three months 105.5, six months 105.5, and twelve months 105.5.

TIN—Forward metal opened at 330.5, rose to 331.5, then fell to 330.5, and closed at 330.5. Three months 330.5, six months 330.5, and twelve months 330.5.

FREIGHTS

DRY CARGO—Sailed 14 American grain charters included heavy grain from the U.S. to Europe. The U.S. to Europe rate is 10.5, and the U.S. to Japan rate is 11.5.

AFRICAN—Sailed 14 American grain charters included heavy grain from the U.S. to Europe. The U.S. to Europe rate is 10.5, and the U.S. to Japan rate is 11.5.

ASIAN—Sailed 14 American grain charters included heavy grain from the U.S. to Europe. The U.S. to Europe rate is 10.5, and the U.S. to Japan rate is 11.5.

SUGAR

LONDON DAILY PRICE (raw sugar)

May 27 (1976) a ton c.i.f. for June. Sugar prices were steady. The market opened steady, but there was a slight rise in the afternoon. The market closed steady.

May 27 (1976) a ton c.i.f. for June. Sugar prices were steady. The market opened steady, but there was a slight rise in the afternoon. The market closed steady.

COFFEE

REBATE—The morning slightly higher, but the market closed steady. The market opened steady, but there was a slight rise in the afternoon. The market closed steady.

May 27 (1976) a ton c.i.f. for June. Coffee prices were steady. The market opened steady, but there was a slight rise in the afternoon. The market closed steady.

PRICE CHANGES

Prices per ton unless otherwise stated.

May 26 to 27

May 26 to 27

May 26 to 27

U.S. Markets

Strong tone in coffee, cocoa firm

NEW YORK, May 26.

SILVER—Closed lower on Commodity Exchange. The market opened lower, but there was a slight rise in the afternoon. The market closed lower.

May 26 to 27

May 26 to 27

May 26 to 27

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of Liverpool (Founded 1858)

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and they have no connection with any other Commodity Company operating in Liverpool under a similar name.

SOYABEAN MEAL

May 27 (1976) a ton c.i.f. for June. Soyabean meal prices were steady. The market opened steady, but there was a slight rise in the afternoon. The market closed steady.

May 27 (1976) a ton c.i.f. for June. Soyabean meal prices were steady. The market opened steady, but there was a slight rise in the afternoon. The market closed steady.

WOOL FUTURES

LONDON—Market slightly better over the week. The market opened slightly better, but there was a slight fall in the afternoon. The market closed slightly better.

May 27 (1976) a ton c.i.f. for June. Wool futures prices were steady. The market opened steady, but there was a slight rise in the afternoon. The market closed steady.

JUTE

LONDON—Steady. Banded White Jute prices were steady. The market opened steady, but there was a slight rise in the afternoon. The market closed steady.

May 27 (1976) a ton c.i.f. for June. Jute prices were steady. The market opened steady, but there was a slight rise in the afternoon. The market closed steady.

MEAT/VEGETABLES

MEAT—Steady. Beef prices were steady. The market opened steady, but there was a slight rise in the afternoon. The market closed steady.

VEGETABLES—Steady. Potato prices were steady. The market opened steady, but there was a slight rise in the afternoon. The market closed steady.

FINANCIAL TIMES

May 26 to 27

May 26 to 27

May 26 to 27

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For further details please write to: Subscriptions Dept (WCR), Financial Times Ltd., Bracken House, Cannon Street, London EC4A 3BT.

COCOA

May 27 (1976) a ton c.i.f. for June. Cocoa prices were steady. The market opened steady, but there was a slight rise in the afternoon. The market closed steady.

May 27 (1976) a ton c.i.f. for June. Cocoa prices were steady. The market opened steady, but there was a slight rise in the afternoon. The market closed steady.

GRAINS

May 27 (1976) a ton c.i.f. for June. Grain prices were steady. The market opened steady, but there was a slight rise in the afternoon. The market closed steady.

May 27 (1976) a ton c.i.f. for June. Grain prices were steady. The market opened steady, but there was a slight rise in the afternoon. The market closed steady.

U.K. PLATINUM PRICE RAISED

Johnson Matthey said yesterday that it had raised the U.K. mini-platinum price to £123.50 per ounce, from £122.50.

The adjustments are due to the fall in the value of sterling, dollar prices are unchanged.

REUTERS

May 26 to 27

May 26 to 27

May 26 to 27

MOODY'S

May 26 to 27

May 26 to 27

May 26 to 27

GLUBS

GLUBS—The market opened lower, but there was a slight rise in the afternoon. The market closed lower.

May 26 to 27

May 26 to 27

May 26 to 27

GLUBS

GLUBS—The market opened lower, but there was a slight rise in the afternoon. The market closed lower.

May 26 to 27

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May 26 to 27

May 26 to 27

May 26 to 27

ITALSIDER IN 1975

The Annual General Meeting of Shareholders in ITALSIDER was held in Genoa on 29th April 1976. The Meeting approved the Reports of the Board of Directors and the Board of Auditors as well as the Balance Sheet, and Profit and Loss Account as at 31st December 1975.

In 1975 ITALSIDER produced 9,795,000 tonnes of cast iron (-2.1 per cent in comparison to 1974), 10,438,000 of steel (-4.8 per cent), 7,791,000 of hot-rolled sections (-11.5 per cent), 1,812,000 of cold-rolled sections (-14.4 per cent), 356,000 of tin and galvanised sheet iron (-23.2 per cent), 920,000 of welded pipes (+6 per cent) and 375,000 tonnes of other special products (-9 per cent). Such a reduction of productivity, obtained by both stopping the plants and reducing the working shifts, appears for the Company even more serious if the increased plant capacities are taken into account.

To face up to the strong drop in demand on the home market, the Company has concentrated in particular on exports, succeeding in achieving, in spite of a difficult international situation, export sales for 3.1 million tonnes of iron and steel products, representing about 37 per cent of quantity and 43 per cent of value of total sales. The turnover of the Company, in spite of the reduced overall shipments and the drop of rolled sections prices, reached Lit. 1,841.8 milliard, an increase of 4 per cent. These results were obtained owing to increased quantity of higher quality products as well as to a great number of export orders concluded at still satisfactory prices and that had piled up during 1974.

At the end of the financial year under review, the Company which at 31st December last numbered 52,221 employees, registered an overall labour cost of Lit. 403.9 milliard, an increase of 57.9 milliard in comparison to the previous year. The average prices of minerals and coal increased by some 50 per cent.

The Meeting of ITALSIDER appointed by acclamation the Company's Directors for the three-year period 1976-1978 as follows: Dr. Romolo Arena, Dr. Alberto Capanna, Ing. Agostino Capocaccia, Prof. Salvatore Cattaneo, Ing. Duilio Colombo, Ing. Giovanni Mario Costa, Dr. Sanzio Dainotti, Avv. Mario Dosi, Avv. Mario Galiano, Prof. Salvatore Guidotti, Prof. Ernesto Manuelli, Ing. Mario Marchesi, Dr. Luigi Micchi, Ing. Salvatore Picciarelli, Dr. Luigi Pittaluga, Ing. Licio Quarantino, Dr. Enrico Redaelli Spreafico, Dr. Massimo Rizzo, Rag. Arturo Ruffo, Dr. Franco Viezzoli.

The Board of Directors then met and confirmed Dr. Enrico Redaelli Spreafico as President, and appointed Dr. Alberto Capanna as Vice-President. Dr. Luigi Pittaluga was confirmed in his office of Managing Director. Dr. Emilio Podestà, the Vice-Director General of the Company, was appointed Secretary of the Board.

HOME CONTRACTS

Selleck to build homes in Lambeth

SELLECK NICHOLLS WILLIAMS (E.C.C.), St Austell, Cornwall, the building division of the English China Clays Group, has received a £5.2m. contract from the London Borough of Lambeth to build 318 dwellings on a 3.7 hectare site in the Myatts Fields South area of the Borough. The development will be one of the first major schemes in the GLC area using timber frame construction. A total of 1,144 people will be accommodated in two-person to seven-person dwellings. Specially-designed homes for the disabled are included. The estate will be district heated from a central boilerhouse also serving a number of adjacent developments. Pipework from the boilerhouse will enable radiators to be provided in the new dwellings.

* WATHER AND PLATT has won a contract worth more than £350,000 to equip a new pumping station at West Stockwith, at the confluence of the Rivers Idle and Trent, near Mitterton, Nottinghamshire, for the Severn-Trent Water Authority's River Idle flood relief and land drainage improvement scheme. The new installation will be capable of pumping 675m. imp.gal./day from the Idle to the Trent.

* N. G. BAILEY AND CO. (Birmingham branch) has been awarded a contract worth more than £200,000 for the complete electrical installation at a new 18-storey office block and multi-storey car park at The Butts, Coventry.

* HEAD WRIGHTSON MACHINE COMPANY is to supply equipment for galvanising steel tube used for water, gas and steam to the Corby works of the British Steel Corporation under a contract worth about £220,000.

* THOMAS RYDER AND SON, Bolton, has received an order worth £400,000 for an advanced technology machining system to be installed at the GEC Machines factory at Rugby for the manufacture of a range of large generator and alternator components.

CHANGES TO THE INDIAN CONSTITUTION

Mrs. Gandhi allows debate

BY A SPECIAL CORRESPONDENT

MRS. INDIRA GANDHI has allowed uninhibited public debate of proposed changes in the Indian constitution. Since April 14, when a committee of the ruling Congress party presented "tentative proposals" for changes, a countrywide debate has been encouraged. Temporarily freed from restrictions placed on them under the emergency laws, jurists, journalists and politicians have taken advantage of the Prime Minister's promise that the committee's proposals will be allowed to be freely discussed. The proposals seek to establish the supremacy of Parliament, cut the powers of the judiciary on some key subjects, and strengthen the influence of the Central Government over law and order in the individual states.

The debate is now almost over and the recently published final report of the committee, headed by the former Defence Minister, Mr. Swaran Singh, will be taken up by the All India Congress Committee (AICC), the party's supreme decision-making body, at a meeting in New Delhi on May 28 and 29 for final consideration. After that, the Congress Parliamentary Party, which has the two-thirds majority in the two Houses of Parliament needed to amend the constitution, will ensure that the AICC's decisions are put into effect. A special session of Parliament is expected to be held in autumn after the monsoon.

Moderate

The debate has not been acrimonious because, in contrast with a widely circulated but anonymous document on changes in the constitution, the Swaran Singh committee's proposals have been welcomed as "moderate"—a conclusion that is almost universally acclaimed. The former document's suggestion for a Presidential system based on the French model and for the removal of the Supreme Court's right to determine whether legislation is constitu-

tional have been dropped. Even so, the Swaran Singh committee report is controversial enough.

The most debatable recommendation is for a clause to be added to the constitution to the effect that any amendment of the constitution shall not be called in question in any court on any ground.

The committee wants only the Supreme Court (and not the High Courts) to be allowed to rule on the constitutional validity of laws passed by Parliament and State legislatures. Its reasoning is that the proposed arrangement would centralise the review process and that, in place of 15 High Courts giving verdicts, only one agency would deal with the laws. But, as one commentator has said, this has "the merit of putting too great a burden on the Supreme Court and of denying it the benefit of the opinions of the High Courts. The highest court of the land need not be turned into a court of first as well as final appeal." The same commentator questions the committee's suggestion that the Supreme Court may invalidate legislation only with the concurrence of two-thirds of the judges comprising a bench. But obviously the suggestion has been made to do away with the confusion that is created by individual and often contradictory judgments by members of a bench.

A more basic proposal is that constitutional changes shall not be questioned in the courts. The Supreme Court has already conceded to Parliament the sweeping power to do away with fundamental rights and the directive principles of the constitution that the people of India gave themselves on January 26, 1950. To extend this further, critics argue would mean that Parliament could "ride rough shod over a much wider range of the citizens' rights, even under the mistaken judgment that a particular law is for the social good."

A significant portion of the final Swaran Singh report is a suggested amendment of the constitution so that a state of emergency can be proclaimed in a part of the country only instead of the country as a whole, as is necessary under existing provisions. This is particularly significant in view of the current state of emergency proclaimed by the president in June 1975. The committee says that high courts should retain powers to issue writs on matters connected with fundamental rights, since these are considered an essential safeguard against bureaucratic excesses. While an event that set off a chain of events which ended with the proclamation of the state of emergency, the constitutional amendments that followed took the election of the four dignitaries out of the jurisdiction of the courts; the Swaran Singh com-



Mr. Swaran Singh

enforcement of fundamental rights will continue.

The committee also recommended that the preamble to the constitution be amended so that the country is described as a Sovereign Democratic Secular Socialist Republic. Instead of the existing Sovereign Democratic Republic.

What has been widely welcomed is the recommendation that special tribunals be appointed to deal with appellate labour cases. This is a specialised job and will save the time of the High Courts (which are now groaning under the burden of dealing with nearly half a million pending cases). This will be of special interest to the State governments, as will the more controversial proposal for the creation of a nine-member authority—three members from each of the Houses of Parliament and another three nominated by the President—to decide any disputes surrounding the election of the President, Vice-President, Prime Minister, and the Speaker of the Lok Sabha (lower House of Parliament) and the members of Parliament and State legislatures. The background of this is the setting aside of the election of Mrs. Gandhi by the Allahabad High Court last June, an event that set off a chain of events which ended with the proclamation of the state of emergency. The constitutional amendments that followed took the election of the four dignitaries out of the jurisdiction of the courts; the Swaran Singh com-

mittee's recommendation to extend it to all legislators seeks to make it more acceptable.

The committee has suggested that the Central Government should have the right to deploy its own police forces in the States in the event of a grave threat to law and order. The Centre has been wanting to do this for years, particularly since disorder in 1968 when non-Congress Governments swept to power in many States and many refused to allow the Central Reserve Police to enter their territories.

Electorate

There is agreement that constitutional changes are essential in the light of the experience gained since 1950 when India became a republic. The electorate gave Mrs. Gandhi overwhelming support in the 1971 elections on the basis of a manifesto which said, among other things: "As a result of certain judicial pronouncements, it has become impossible to implement effectively some of the directive principles of our Constitution. It will be our endeavour to seek such further constitutional remedies and amendments as are necessary to overcome the impediments in the path of social justice." Mrs. Gandhi obtained the two-thirds majority in Parliament required for constitutional amendments. It has been made clear that the Government does not have in mind a change from the parliamentary system. Mrs. Gandhi said as long ago as last August that she "is not thinking in terms of a constituent assembly or a new constitution. Neither the spirit of our constitution nor its essential characteristics can change." Later, when the widely-circulated anonymous note on constitutional changes called for a presidential system, many wondered whether the Prime Minister or the ruling party had had fresh thoughts on the subject. Mrs. Gandhi said on January 21 1976, that she did not think "that the presidential system by itself could solve the problem. The U.S. has a presidential system but has its own constitutional and other difficulties. France also has to find solutions to many constitutional problems. I am in favour of the present constitutional system of parliamentary government in India, with perhaps some modifications."

The Swaran Singh committee's final report also found that the parliamentary system is best suited to Indian needs and should not be replaced by a presidential one. What final shape the proposals will assume when they are put into practice should become clearer during the All-India Congress Committee's session.

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Middle East Construction

A Financial Times Survey

More rapid growth is being achieved in the Middle East than any other region; firstly because of greatly increased petroleum revenue, and secondly because of the commitment to maximum development and the need to build up a basic infrastructure. This has provided a challenge to the world's construction industry which has resulted in rivalry between industrialised countries seeking to obtain as large a slice of the work as possible. The Financial Times proposes to publish on Wednesday, July 28, a major survey of Middle East Construction which will examine the current state of the market and the future development potential. The proposed editorial content will include coverage of the following:

International Competition	Joint Ventures and Consortia
Manpower	Consultants
Ports and Shipping	Architects
Financing of Contracts	Materials
Contract Bids and Terms	U.K. Construction Companies

In addition it is planned to publish articles on the construction industry in the following countries:

Iran	Jordan
Saudi Arabia	Qatar
Kuwait	Oman
The United Arab Emirates	Algeria
Egypt	Bahrain
Libya	Syria

For companies which already operate in this field, or wish to participate in the most exciting construction market in the world, this Financial Times survey would be an ideal communications medium. FT surveys deal with their subjects in depth—with authoritative articles and comment, perceptive studies of backgrounds and trends, and comprehensive analyses of all the latest information. They're read, kept, filed and referred to by businessmen, government departments, and libraries in Europe and throughout the world.

An advertisement in the Middle East Construction survey enables you to convey your message in this unique medium—so that it will be seen, and acted upon, by the senior businessmen in Britain, Europe and the Middle East who are regular readers of the Financial Times.

For further information contact LAURETTE L. LECOMTE-PEACOCK at the Financial Times on 01-248 3000, extension 515

MIDDLE EAST CONSTRUCTION

AN FT SURVEY SCHEDULED FOR PUBLICATION ON
JULY 28 1976

The content and date of this survey are subject to complete editorial discretion and may be changed without notice.

مركز من الاعمال

FINANCIAL TIMES REPORT

Thursday, May 27 1976

Vehicle Components

The component manufacturers have shown considerable resilience during the crisis that has shaken the motor industry in the last two years. But the period of depression has had a profound effect and, in particular, hastened the moves towards greater European integration.

crisis
waves
S
mark

COMPONENT manufacturers have been peculiarly resistant to the crisis that has shaken the motor industry over the past two years. Profits have, inevitably, declined overall. But most have managed to survive. Inevitably, some of them have had to spread and blend of their resources in the good years have managed to show improvement.

The period of depression has, however, left its mark. For one thing, it has encouraged the industry to move towards greater European integration. A move which has been gathering force during the decade and which last year reflected spectacularly in GKN's bid for Sachs of West Germany. Second, it has driven manufacturers to spread their supply network even wider in order to economise on parts, to open up more opportunities for low-cost British products. And it has led to increasing efforts to exploit export markets and the valuable placement business.

Europe is still less of a uniform market for components than it is for motor cars, which have been exported back and forth across the European borders in vast numbers since

the early 1950s. But several pressures are working to change this. Car export factors, since they open up markets into which component manufacturers can follow in order to serve replacement needs; from that base can grow new manufacturing facilities and even a place in the overseas original equipment business, selling to the local manufacturers.

Another powerful influence towards integration has been the U.S. invasion of the European industry. This has been going on for well over a decade, with the result that several large concerns which span national boundaries are now well-established in Europe. In diesel engines, for example, Perkins, owned by Massey-Ferguson, and based in the U.K., has plants in Spain and Germany, and is also working on the large Massey-Ferguson engine and tractor plant project in Poland.

There are a number of other U.S. companies involved in the truck industry that are developing increasingly strong sales on the Continent either through local manufacturing or exporting from a U.K. base. Cummins, in diesel engines, and Eaton and Rockwell in axles, have all expanded rapidly in recent years.

Acquisition

Parallel to these concerns several U.S. companies have established sizeable European car component organisations. JTT, making brakes, shock absorbers, and electrical equipment now runs businesses in Germany, Italy, Holland and the U.K.; Bendix (brakes) is in the U.K. and France; and TRW (valves and steering gears) has built up a large British business

through a steady process of acquisition.

U.K. companies have been particularly aggressive in their policy of European expansion. The most notable example in the last few years is GKN, which went into Europe later than several other component companies, but moved in spectacular fashion when it did so, taking over Uni-Cardan, a German propeller shaft and universal joint manufacturer with a turnover of well over £50m. GKN's bid for Sachs, still under negotiation, is on an even larger scale, marking a decisive attempt by the company to establish a firm foothold in the most buoyant car industry in Europe.

Alongside GKN, the three others of the so-called "big four" public component companies — Lucas, Associated Engineering and Automotive Products — have all established themselves in Europe. Several smaller concerns have followed suit: Wilmot-Bredon, for example, is well established in France, Smiths Industries was a German organisation, and the large new Ford car plant, shortly to open in Spain, has also encouraged some companies to set up component operations there.

By contrast Continental companies have been less expansion-minded, but one or two of them, notably Teves, the German brake manufacturer owned by ITT, are beginning a serious push towards export markets. Teves has taken it as far as establishing a factory in South Wales, the first significant example of a Continental concern setting itself up to attack the British in Britain itself.

In step with the component manufacturers' efforts to reach across national frontiers, the car companies themselves have been seeking a wider variety of suppliers. This derives in part

from the push towards dual sourcing, the system of ensuring more than one supplier for a particular component, and thereby establishing an insurance against delays: the development of the three multinational concerns—Ford, General Motors and Chrysler—on an integrated European basis will give a further impetus towards this trend.

At the same time the car producers have been looking at ways of cutting their own component bills by spreading their buying over a wider geographical area. In the past, the components industry has in the main been closely linked with the local car manufacturing companies, often with one manufacturer only, but these links are breaking down under the impact of competitive EEC pressures: to-day, for example, Volvo, Fiat, Volkswagen, Citroën and Renault all buy considerable quantities of components in Britain. Several Continental manufacturers are also looking at ways of expanding their buying in Britain because of the helpful effects of the slide in the pound.

Competitive

The competitive forces unleashed by the growth of the EEC have also given stimulus to the exporting effort. Among Continental manufacturers, for example, it is significant that the Automotive Products Group developed by ITT over the last decade has, within the last three years put a lot of muscle into widening its overall European market penetration and developing overseas sales. The object has been to treat the collection of companies, which used to have extremely localised sales as part of an international business: the most dramatic result of this change of policy is the establishment of the Teves brake manufacturing

concerns in the U.K. and the U.S.

The dominant position of the British component manufacturers as exporters partly derives from the strength of post-war U.K. car sales to the Commonwealth and Third World, which ingrained the exporting habit in the satellite industries as well. Over the last two years, however, exports have been stimulated by the effort to counteract the impact of the slump in Britain: last year, for instance, the industry registered a 34 per cent increase on 1974 with sales of £1.1bn, as against £855m. There has been a similar, steady increase this year as well.

Some of this increase must be due to the increasing proportion of the car manufacturers' exports that go out of the country as components for overseas assembly. There has been a steady drift towards this kind of activity because of the growing demand in developing countries for local participation in car manufacturing, and there is no doubt that this will continue. What this goes to show is that the relationship between the car manufacturers and their component suppliers has become extremely complex.

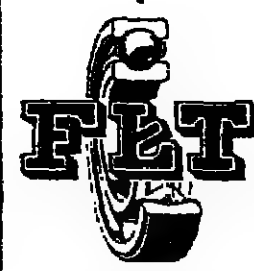
There are many in the industry who believe that these links will become even more complicated. For example, over the past few years the British motor manufacturers have made a determined effort to get into the profitable replacement parts business by setting up more trustful wholesaling organisations than they had previously. At the other end of the business, the growing trend towards joint manufacturing on the part of the car and commercial vehicle assemblers could spell

a threat to component producers in certain sectors.

The logic of these joint assembly plants is simple: the car manufacturers believe that there is considerable scope for making larger components like engines and gear boxes on a joint basis in order to achieve economies of scale, while maintaining their own organisations to design the overall engineering and shape of the car. Already Renault, Peugeot and Volvo have such a joint engine plant, and a new diesel engine factory is under development in Italy for Alfa Romeo, Fiat and Renault, scheduled to open in autumn 1977. These developments beg the question of where the manufacturers will stop: indeed the establishment of automatic transmission factories by General Motors and Ford in Europe has hit the independent American producer, Borg Warner, very hard indeed.

Component manufacturers acknowledge the force of these pressures from the manufacturers. But they themselves talk from a position of considerable strength. For one thing, no manufacturer likes to be tied to one source only for important parts: for another, the component manufacturers themselves are putting together larger and more powerful organisations; and thirdly, they have a considerable depth of technical ability which cannot be easily duplicated. To-day, as the motor industry tries to develop lighter construction techniques, cleaner and more economical engines, and begins to look at the comprehensive application of electronics to the car, this technical strength is a good insurance policy for future health.

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The battle for exports

REACTION of the West German Cartel Office in forcing Guest, Keen and Nettleton to buy 75 per cent of Sachs company of the Fichtel Sachs motor component for £71.5m. illustrates the growth and aggressiveness of U.K. automotive component industry. In the first quarter year the industry made a contribution to overseas sales of £1.1bn, nearly a half of the value of similar products through these increased exports, to £103m.

A period when British industry generally has been criticised for proven or alleged management deficiencies in the motor industry, it is worth stating that sections of it are winning increasing share of world markets. In different fields, some component makers have been world leaders. They are GKN in forgings and turning parts; Associated Engineering in engine components like pistons, rings and valves; Lucas in electrical equipment and brakes; and Burman and Sons in tyres. Dunlop in tyres

and safety wheels; Robery Owen in truck rear axles. Their contribution to the motor industry in the exceptionally difficult years since the oil crisis in the autumn of 1973 has been on a rising and increasingly important scale.

In addition to direct exports, component makers have been attracting international, and especially European, car makers to their products, not because of the weak pound has made them cheaper but because they are technically unexcelled. The biggest single overseas customer for U.K. automotive parts over the past several years has been Volvo, the Swedish manufacturer. Purchases have risen from £10m. in 1965 to around £60m. annually. The U.K. content of a Volvo car varies from 20-25 per cent of the total value which is 15-17 per cent for trucks, and 95 per cent for Volvo's double-decker bus plant at Irvine in Scotland.

More than 200 U.K. suppliers are involved in keeping Volvo factories working, taking their products to a purpose-built Volvo cargo terminal at Immingham at the rate of about 400 tons a day. The components are transferred to drive-on ferries for the voyage to Gothenburg, on Sweden's west coast,

where Volvo has its main factories.

Similar arrangements on a smaller scale exist for Volkswagen, which is on the way to building up requirements to around £20m. in the 1980s, Fiat, Renault, and indeed most of the major European producers. Further afield, the U.K. component makers are increasingly active in the U.S., where Burman and Sons has recently won a \$1m-plus contract to supply steering gear, Brazil, Iran, South Korea and other developing nations bent on establishing a road transport industry.

Presence

Many of the leading component makers supply the European motor industry with selected items from their plants on the Continent. The U.K. component and accessory industry has a much bigger presence in Europe than their European opposite numbers have here. This is partly because European motor manufacturers have tended to make far more of the finished vehicle in their own factories than has been the case in the U.K. It is also partly due to more highly sophisticated U.K. marketing operations.

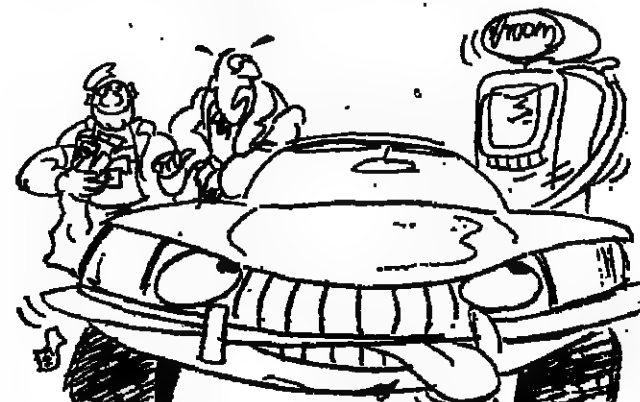
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Good record of innovation

THE MOTOR INDUSTRY is a powerhouse of technical innovation. This has been true ever since the distant days in 1886 when Karl Benz made his first fragile vehicle powered by an internal combustion engine. But in the past few years the pace and direction of technical development has been forced along at a faster rate than normal, first by Government decree, and second by the demands for fuel economy in a fuel-hungry world. And at the same time electronics, as yet in its infancy in the industry, is beginning to create increasing interest.

Over the short term improvements in fuel economy have been pursued through corrective measures such as better carburation devices and combustion techniques. Virtually all the large motor companies, for example, have been recalibrating their carburetors to deliver leaner mixtures, while some—Leyland and Chrysler in particular—have widened the use of thermostatically controlled inlet air temperature valves to hasten warm-up time.

Ford's development of the so-called "sonic idler" carburettor, which has won a Design Council award, is another notable development, given the company's gradual drift towards higher performance, and relatively thirsty, engines during the 1960s. The carburettor introduces shock waves into the fuel/air mixture designed to create a better and leaner mix, which leads to more efficient burning, and is claimed to give a considerable improvement in petrol consumption.

Higher gearing ratios, the wider introduction of overdrive systems, electrical rather than engine-driven fans and improvements in exhaust manifold design are all playing their part in the drive towards greater economy. But at the same time, for the new generation of engines, manufacturers are investing in radical new designs to produce lighter and more efficient units.

These developments are going on across a bewilderingly

wide front. On the one hand, car companies are paying more and more attention to the use of light alloys and aluminium rather than cast iron in engines. This has already led to a large number of engines utilising aluminium cylinder heads, and several volume manufacturers are seriously thinking of following down the trail blazed by the Chrysler Imp 13 years ago, and going over to complete aluminium engines: in the U.S., General Motors has, for several years, had an aluminium engine, including aluminium pistons, running in its 2.3 litre Vega model.

Combustion

Efficiency of combustion has been another significant issue for the engine designers, partly for economy reasons, and partly because high quality combustion reduces noxious emissions. In Japan, in particular, so far hit hardest by Government regulations on pollution, the development work has been intense. Government-inspired research is reckoned by Nissan, the manufacturer of Datsun cars, to have taken up about one-third of its total research and development programme in the past few years.

Perhaps the most notable single achievement in Japan recently has been the Honda CVCC engine, in which the combustion chamber has been redesigned with a small, linked chamber for igniting a rich petrol mixture, which then spreads to the main chamber. The advantage of the system is that it gives a more uniform and complete burn, and Honda has clearly demonstrated the healthy mileage per gallon that can be achieved with the device. Several other manufacturers are now looking at similar auxiliary chamber systems.

Petrol injection methods, currently very much concentrated on luxury cars, are also likely to gain wider usage because of the greater accuracy they give—and hence less wastage—in the distribution of fuel. But for a few manufacturers a more immediate development may well be the use of diesel engines. The last 24 months thought to be decisive against them have seen a vast increase in



Drum brake linings being tested on a 24 hour basis at Ferodo.

demand for diesel engines which produce something like a 30 per cent. better performance in terms of miles per gallon than petrol engines (although diesels need to be larger to give the same performance). One of the results of this explosion in diesel demand is that both Perkins and Lucas, which manufacture diesel injection equipment through its CAV subsidiary, have announced large expansions in recent months.

Diesels have, of course, been used for many years on the Continent by Mercedes, Peugeot and Opel; but the big breakthrough this year will be the adoption of the engine by one of the most important European mass producers, Volkswagen. In the past, the diesel's disadvantages—the weight and size needed to accommodate higher compression ratios—have been mechanical contact breaker devices for activating the spark

where its noise, "knocking" characteristics and price will tell against it. So Volkswagen of the more accurate timing and efficiency this engenders.

In contrast to the diesel, electric cars are still in their infancy, with no firm promise of surviving. Even if they do not, however, electric vehicles, using no gears, and driven by simple accelerators, and reverse mechanisms, demonstrate the effectiveness of electronics when applied to cars: they simplify the vehicle immensely and cut out considerable weight at the same time.

This is why several manufacturers are showing considerable excitement about electronic systems, which have the potential to eradicate much of the heavier mechanical control systems now in use. For example, electronic ignition, in which electrical pulses replace the mechanical contact breaker device for activating the spark

plugs, holds out large potential for fuel savings because, again, already in use. Constant speed systems, marketed by Associated Engineering, which give improved petrol consumption because they stop the ill-effects of the driver "faltering" on his accelerator, are gaining increasing acceptance; and electronic diagnostic testing, designed for use in garages to trace mechanical deficiencies in the car, is also spreading rapidly.

Computers

In the laboratories, the designers have already conceived of the all-electronic car; automatic gear changes would be handled by computers rather than complicated mechanical mechanisms; all the instrumentation would be electronic; and the braking system could be controlled electronically as well.

Some of these developments are, indeed, already very close to adoption in mass-produced vehicles. For example, anti-lock, computer-controlled braking systems—which allow the car to be steered fully under control during violent braking—are in an advanced state of development in companies like

Teves and Girling. Other, less

Electronic systems have, of course, been boosted by the development of microcircuitry, which has dramatically reduced the bulk of control devices. To-day, companies like Bosch, which marketed the first electronic fuel injection system, are developing central electronic units for the car, in which a single master control device takes care of all the basic functions of the car—fuel injection, ignition control, gear changes, brake application and instrument readings.

The introduction of electronic systems will gradually help reduce the weight of cars, giving a further boost to the improvements made by adopting aluminium components, plastics and glass fibre body panels. In the U.S., where manufacturers are vigorously seeking the means of taking weight out of their cars in order to comply with new regulations requiring much lower fuel consumption in the new generation of cars, this development is particularly urgent. But in Europe, too, manufacturers are clearly at a stage when they must seek ways of reducing petrol consumption: the entire motor industry has become more conscious, and ways of meeting this challenge must be the paramount task for development engineers over the next few years.

Terry Dodsworth

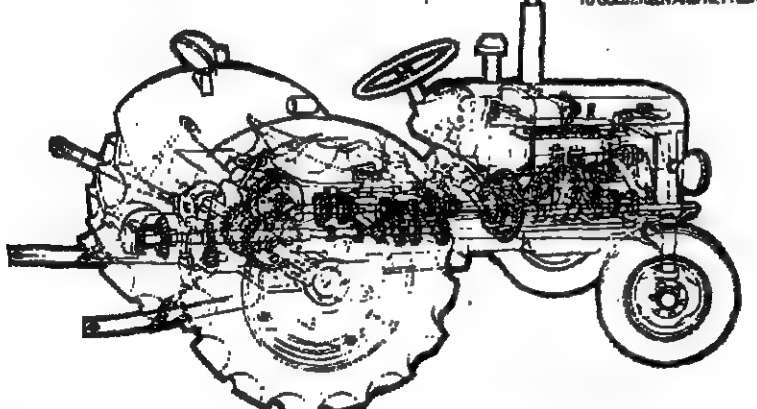


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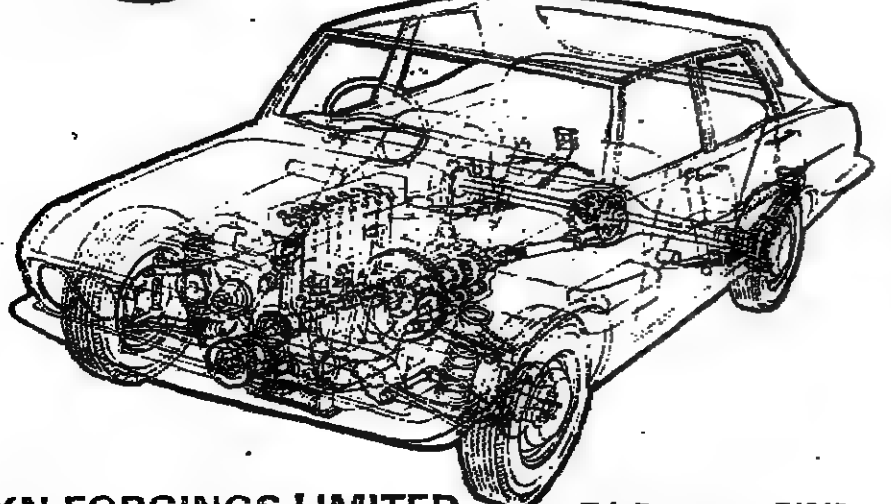
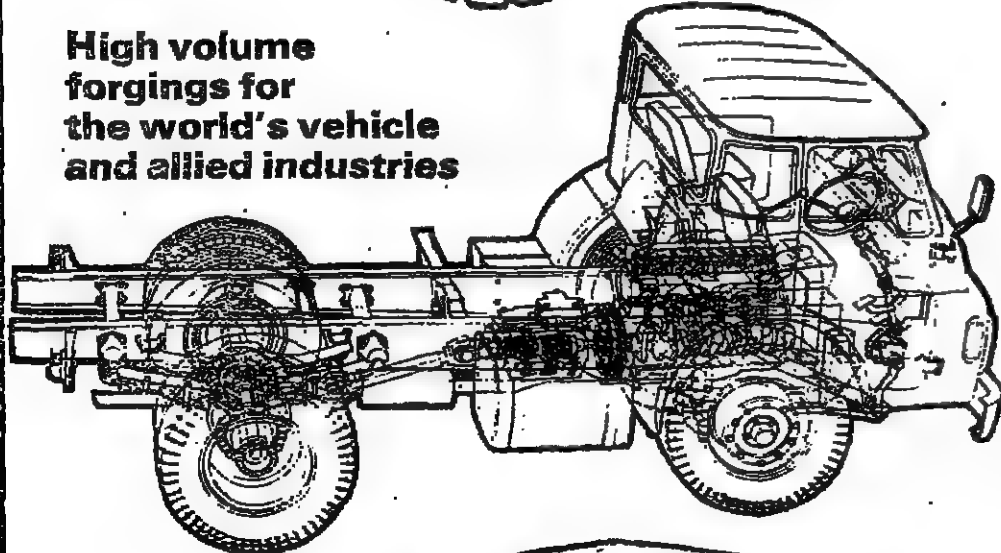
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The accessory market

ONE OF THE more difficult aspects of the vehicle accessories market is defining it. Statistics to indicate its size are non-existent and it seems likely that no two people, or companies could reach agreement on not only what is an accessory but, more important, what is not an accessory. Some may consider that a sparking plug qualifies for the description, but others are equal in their assertion that such an item is a part.

Despite the shortage of statistics, however, it is possible to state without contradiction that accessories have been a growth market over the past 10-15 years. Whether this will remain so is a little unclear at present and certainly in some areas of the market there has been a levelling off in demand, if not a decline. This is partly due to economic factors, but competition between manufacturers, resulting in "extras" being fitted as part of the purchase price, has played a part in bringing the market to its present position.

The market place itself has changed radically over the same 10-15-year period. Whereas garages were, with the exception of certain shops like Halfords, the main outlet for accessories, now—according to Mr. Edward Spearing, chairman of Brown Brothers Corporation, the parts and accessories group—it is the "motorist on foot" who is the main target of the retailers and manufacturers of anything from a rear window demister to a luggage rack. Thus, supermarkets and other multiple stores like Woolworths have entered the market with great success and they now command a dominant position with certain products.

Range

The range of products is enormous and there are scores of different manufacturers. Some accessories, particularly on the fringes, readily lend themselves to the opportunist. For example, short rally-driving coats with stripes down the arms can easily be put together by any small tailoring business and numerous different makes of these coats are to be found in High Street and garage shops. But these tend to be fashion lines and thus are part of a more volatile, price-cutting market.

An indication of how the accessory market is made up

can be given by looking at the way in which Brown Bros., a spokesman for which estimated the total accessory market as being worth about £160m a year at trade prices—breaks up its accessory business into three categories: engine maintenance; the "looking after" area; and the "looking good" category of product. The first takes in plugs, filters, radiator caps, thermostats, hoses, clips, nuts and bolts and other things like windscreen wiper blades. This is a category which aims at the "do-it-yourself" motorist since many of the products would require the

motorist to have more than a wing to be a fast-selling passing knowledge of how a car product.

The "looking good" category is the one on the decline. This is the bolt-on type of product such as the fog lamp and spot lights, body-filler substances, light polishes and rust preservatives, window heaters. It is also the stage when they must seek ways of reducing petrol consumption: the entire motor industry has become more conscious, and ways of meeting this challenge must be the paramount task for development engineers over the next few years.

Continued on next page

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VEHICLE COMPONENTS III

Safety a major factor

TWO components most important for determining the profile, or wider, squatter, tyres. Since Michelin, the French tyre manufacturer, introduced radials to overcome the problem of very rapid tyre wear on front-wheel drive Citroens 30 years ago, radials have captured an increasing share of the international market, including the U.S., where belted bias tyres have predominated. These are a hybrid having a cross-ply casing with a reinforcing cross-ply belt and a carefully selected cord angle differential between the two. In attempting to encompass the best of all worlds in comfort, long life and performance they have failed to match the advantages of radials, particularly for European conditions.

reg systems that inspectors could cease to function though they may pass. Industry of Transport forst, are another source to those dealing with safety matters, like government departments, the and motoring organisations.

the function of tyres, lack of maintenance, or-sighted economy, regular maintenance, king high garage costs, out, is likely to cost a leaving matters until a no longer be post-

spread of manufacturers growth of the market that tyre development and construction are still. Two aspects are the switch to radials

criticism of the diesel industry to say that it has been able to cope with osion in diesel demand last 18 months. Until as began to shoot up, try was established on programme of growth, directed at the commere sector where the sk appeared to be in ing the grip established engines at the lower the weight range. This changed once the effects scaling price of petrol t in, and both the motor and its, customers look around for many of lightening the fuel

results of this switch in are now feeding through amatic way to the money, where Lucas, for a, is now in the process ing £42m. with a new issue. Some £35m. of says, will go into invest- n diesel engine equip- nufacturing, which the r plans to double in the 9 years. Britain's other as manufacturer in the engine field Perkins, is nning big increases in, with a programme to 'its engine plant at 'ough, which raised out- year by 13 per cent, ther £15m. investment, large-scale develop- however, give only a of what could happen luel industry over the ade. By far the most g-news to the last nths has been the sment that Volkswagen to sell a diesel version of its mass-pro- lolt—the largest selling Passat models in the r future. If that were a success, operating n engine volume in where diesels have

always been thought to have too many limitations, it could provide a breakthrough to an even more dramatic escalation of demand.

Apart from Volkswagen, indeed, General Motors is known to be planning diesel models for its Oldsmobile division, and Renault and Fiat are said to be looking at a joint project for a diesel-powered car within about two years.

Output

During 1975 car buyers showed that they were definitely interested in the diesel concept, and the three main European manufacturers of diesel vehicles—Mercedes, Opel and Peugeot—all expanded output considerably. These manufacturers have in the past been supported in their diesel manufacturing by the fact that their vehicles are used widely as taxis (British Leyland, of course, also powers its taxis with diesel engines), and that they are offered only in larger cars, where noise deadening can be more effective.

Larger quality cars are also much more likely to match up to the durability characteristics of the diesel, which will generally outlast a petrol engine because it has to be built more robustly to accommodate higher compression levels. In smaller vehicles, however, manufacturers have argued that diesel units are far too noisy, too expensive (because they are built more strongly they cost more), and possibly unnecessarily durable. Volkswagen's experiment, starting off in Germany where diesel cars have always been more popular than elsewhere in Europe, will therefore be watched with great interest.

Inevitably, the future success of diesels in small cars depends on the ability of the engineers

to make the engine easier to start—car drivers are used to switching straight on, rather than enduring a waiting period—and to make it quieter to run. Even without these improvements, however, diesel manufacturing is unquestionably facing a period of rapidly rising demand for use in the commercial vehicle industry.

Two factors are at work here. One is the general expansion in the commercial vehicle industry in Eastern Europe and the developing countries, particularly the oil States, where trucks for construction projects are in strong demand. The other is the rapidly increasing switch of smaller trucks away from the petrol engine and towards the diesel.

In developing countries the demand for diesels has always been strong—several European car manufacturers export diesel versions to these countries—because users are more concerned with economy of operation than with the noisiness of the engine or its cost. For this reason, manufacturers like Lucas and Perkins are well established in these markets: Lucas, for example, exports some 70 per cent of its diesel injection equipment, and has a factory in Mexico; Perkins, another large exporter, is also currently involved in the development of a diesel engine plant in Poland.

The growing acceptability of diesel in small commercial vehicles is, however, a development which is having a more immediate impact on the industry, and accounts in large part for its current capacity shortages. In the U.K., for example, whereas virtually 90 per cent of commercial vehicles over six tons gross vehicle weight are diesel-powered, operators opt for diesel in only about 30 per cent of their vehicles below six tons. At this weight, vehicles are more generally used for urban

driving, and operators tend to be looking for engines with a livelier petrol-type performance. Nonetheless, attitudes have changed rapidly in the last two years, and diesel manufacturers reckon they will easily capture 50 per cent of this important market within the next two years or so.

It is significant in this context that Volkswagen has chosen to include a diesel option in its new LT light truck, the first time it has accommodated the demand for diesels in its small commercials. This engine is, in fact, being supplied by Perkins, which has built its own assembly plant in Germany, served by parts from its Spanish and British factories. Another light commercial diesel plant is also being built in Italy at the moment by a consortium of Fiat, Alfa-Romeo and Renault. Diesel vans are already manufactured in Italy by Alfa Romeo, in Germany by Mercedes, in France by Peugeot and Saïem, and in the UK by Ford and British Leyland.

Small diesels are also making an increasing impact on the U.S. market, though mainly for farm and industrial use: both Perkins and Hawker Siddely have recently announced plans for development in the U.S.

Capacity

Within the U.K. itself, however, the next few years will inevitably see a large-scale expansion of diesel use and production. Perkins has medium term plans to plough some £15m into further expansion, with the aim of increasing capacity by 1,000 engines a year to bring its total annual output to 320,000 units—virtually a 17 per cent increase. Last year it increased output by about 13 per cent compared with 1974, and the company is expecting world demand for diesel engines in the range up to 400 bhp to expand from less than half the market to about 70 per cent.

Lucas, through its CAV subsidiary, is planning to double its output of fuel injection equipment for diesel engines over the next five years. The company's Rochester and Gillingham plants, where rotary fuel pumps are produced, will receive a further investment of £10m. over the next two years; the automated factory at Sudbury, Suffolk, which makes injectors and nozzles, will be enlarged at the cost of £5m.; and the Finchley plant, making pumps, will also be expanded.

Lucas will, in addition, be increasing production in several of its overseas concerns—at Lucas do Brasil, where capacity is being tripled, in Mexico, France and Spain, and in Romania and Poland, where CAV pumps are made under licence.

Clearly, the diesel manufacturers will for some time be running hard to catch up with demand. Even if the engine market does not make a really significant breakthrough into the car market, demand is surging up ward at an explosive rate, and other pieces of equipment which will escalate even further as the world economy comes out of recession. That in itself is an exciting enough prospect: but it could be even more exciting if Volkswagen's diesel Golf proves a positive success and takes the engine into the mass-produced car market.

replaced drum brakes on U.K. made cars. Only two volume models—the Escort and Mini—and two low volume models—Kitten and the 3-wheel Robin—now have drum brakes.

But the trend to incorporating discs at the rear has been slowed down. In at least one instance of a replacement model it has been reversed. Partly this was because of an early difficulty with getting the handbrake to do its job properly, but this has been overcome. Girling, for instance, supplies adjusters which are fitted on the big American Fords that have rear disc brakes.

Whichever variety of brake is used, all require friction materials of the highest values. The composition and manufacture of these materials is a separate technology directed towards ensuring that brake linings or disc brake pads not only do their job efficiently but also give consistent performance. To achieve such standards Ferodo, for instance, has research and development programmes running night and day round the year. It recently resolved nagging problems of apparently inexplicable differences in the performance of identical batches of friction material. It identified titanium and other trace elements in methods of producing discs and drums as the culprits. Manufacturers should be able to eliminate the causes at the cost of a 1p or 2p per disc or drum: and the savings in warranty claims are likely to be substantial.

Car brakes, whether disc or drum, are usually hydraulically operated, with the assistance of a servo to lighten brake pedal pressure on cars of more than 1½ litre capacity. On heavy trucks, air-operated brakes are more common, and on articulated lorries comprising a tractor unit to which can be attached a trailer unit, air brakes are essential to overcome the problems of connecting the trailer braking system.

There is yet another main category of brake, increasingly found on agricultural tractors and off-the-road contractors' equipment. These are multi-plate, oil-cooled disc brakes enclosed in the transmission unit. New tractor models in the higher horse powers are increasingly adopting this system. An important safety device

irrespective of the system of braking used is an anti-wheel locking unit which prevents cars and lorries going out of control in a wheel skid, particularly when they are lightly laden. It is a common feature on luxury and top-of-the-range cars. No doubt in time will become mandatory.

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STOCK EXCHANGE REPORT

Gilts lead the way down with losses ranging to £1

Share index down 8.5 at 390.5 on bear selling

Account Dealing Dates

Option

First Declared Last Account

Dealing Dates Day

May 17 May 22 May 27

Jun. 1 Jun. 10 Jun. 15

Jun. 14 Jun. 24 Jun. 25

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by quite a lively business in ICI

new shares.

Gilts weak

Fresh weakness in sterling

which in turn gave rise to talk

of the possibility of a further

hike in domestic interest rates

prompted a widespread setback in

British Funds yesterday. Long-

dated issues sustained losses ex-

tending to a point, while the

shorts ended with falls to 3, the

"tap stock, Treasury 9 per

cent, 1981, being that amount of

selling pressure was by no

means heavy, the day's reaction

mainly reflecting the virtual

absence of support.

Against the background of a

fresh setback in sterling, the in-

vestment currency premium with

the help of institutional demand,

improved further to 1141 per cent,

before closing 14 points higher on

the day at 1131 per cent, after a

moderate trade. Yesterday's SE

conversion factor was 0.6832

(0.6811).

Banks react

Steady to a shade easier for

most part of the day, the big

four Banks took a distinct turn

for the worse "after hours" and

closed with losses that ranged to

10. Midland were that much off

at 275p, while Lloyds lost 9 to

235p and Barclays 7 to 285p.

National Westminster were only

5 lower at 230p. Bank of Scot-

land fared similarly and finished

10 down at 265p. Discounts were

sent lower by the poor performance

of the market, while the Bank of

England's National 7 lower at 265p,

despite the chairman's encourag-

ing annual report. Catter Ryder

shaded 5 to 260p as did Union to

the general malaise. "Royals," 285p,

and Sun Alliance, both lost 3

and Guardian Royal Exchange

ended 5 to 180p. Hog Robinson,

setback, R. Costello, 210p, and

progress in the nationalisation

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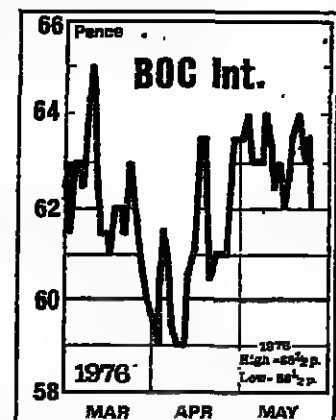
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British Home dull

Stores came on offer and closed

with widespread losses following

a reasonable business. British

Home featured with a fall of 8 to

333p, following the full report,

while Marks and Spencer, 82p,

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BEERS, WINES AND SPIRITS

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29	Living Room	33	17	24
85	Miscellaneous, Gen	85	3.74	3.1

49	Walt Reed, Iowa	13	13.4	2.5	4.1	12.2
50	Walter Reed, Iowa	13	13.4	2.5	4.1	12.2
51	Warren D. D. 10p	23	10.7	4.1	3.3	4.3
52	Warren D. D. 10p	23	10.7	4.1	3.3	4.3
53	Wattell Fred, 10p	33	9.97	4.6	7.9	4.9
54	Wattell Fred, 10p	33	9.97	4.6	7.9	4.9
55	Wattell Fred, 10p	33	9.97	4.6	7.9	4.9
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57	Wattell Fred, 10p	33	9.97	4.6	7.9	4.9
58	Wattell Fred, 10p	33	9.97	4.6	7.9	4.9
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64	Wattell Fred, 10p	33	9.97	4.6	7.9	4.9
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70	Wattell Fred, 10p	33	9.97	4.6	7.9	4.9
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93	Wattell Fred, 10p	33	9.97	4.6	7.9	4.9
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95	Wattell Fred, 10p	33	9.97	4.6	7.9	4.9
96	Wattell Fred, 10p	33	9.97	4.6	7.9	4.9
97	Wattell Fred, 10p	33	9.97	4.6	7.9	4.9
98	Wattell Fred, 10p	33	9.97	4.6	7.9	4.9
99	Wattell Fred, 10p	33	9.97	4.6	7.9	4.9
100	Wattell Fred, 10p	33	9.97	4.6	7.9	4.9

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FINANCIAL TIMES

Thursday May 27 1976

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Nine lords in Wilson list

BY PETER HENNESSY, LOBBY CORRESPONDENT

SIR MAX RAYNE, chairman of London Merchant Securities, Sir Lew Grade, chairman of Associated Television and his brother Sir Bernard Delfont, chairman of EMI, Sir Joseph Nagan, chairman of Kagan Textiles, and Sir George Weidenfeld, the publisher, are among nine men awarded peerages in Sir Harold Wilson's resignation honours list published last night.

Mr. Len Murray, general secretary of the TUC, becomes a privy councillor. The Lord Chancellor, Lord Elwyn-Jones, and Mr. Edward Short, MP, former Lord President, become Companions of Honour.

Among those knighted are Mr. James Goldsmith, chairman of Cavenham, Mr. Sigmund Sternberg, chairman of the Commodities Research Unit, Mr. James Hanson, chairman of Hanson Trust, and Mr. John Terry, managing director of the National Film Finance Corporation.

Also knighted are the actors Mr. Stanley Baker and Mr. John Mills. Mr. Mike Yarwood, famous for his impersonations of Sir Harold, receives an O.B.E. Traditionally a list compiled by an outgoing Prime Minister is presented, without comment, by his successor to the Queen.


 MR. JAMES GOLDSMITH
... a knighthood.

The publication of Sir Harold's list was delayed by a partial leak of contents, which was investigated by Sir Philip Allen, a member of the Security Commission.

Some names are likely to inspire hostile comment from Left-wing Labour MPs, who have frequently criticised Sir Harold for his closeness to individual businessmen.

Sir Harold's list contains 42 names, five more than his resignation honours in 1970, and one more than the list drawn up by Mr. Heath in 1974.

Among others receiving peerages are Professor John Vaiszy of Brunel University, Mr. Terence Boston, former Labour MP, Mr. Albert Murray, another former Labour MP who now runs Sir Harold's political office, and Sir Joseph Stone, his personal physician.

Also knighted were Mr. Freddie Warren, private secretary to the Chief Whip, Mr. Eric Miller, chairman of Peachey Property Corporation, and Mr. Frederick Gooding.

Among those honoured for personal services to Sir Harold are Miss Dorothy Gordon, the senior steward at Chequers, Mr. Bill Housden, his driver, Mrs. Thora Pollard, his housekeeper, Miss Peggy Field, and Mrs. Edith Causier, senior cleaner of the Prime Minister's office at No. 10 Downing Street.

'Impressive' names are on list for Equity Capital chief

BY MARGARET REID

SOME "IMPRESSIONS" names were already on the list of possible appointees as chief executive of the "equity bank," Equity Capital for Industry, Lord Plowden the chairman, said yesterday at a private meeting with 60 pension fund managers in London.

Lord Plowden was answering questions about Equity Capital, which is seeking up to £50m. from pension funds for its role of channelling capital to companies unable to raise it on the market.

Managers asked questions about the justification for putting money into the new body, when prospective returns from it appeared smaller or more uncertain than from other investments.

There was also criticism that the project should be so far advanced without a chief executive being appointed. Mr. Max Lander, chairman of the National Association of Pension Funds, said after a 90-minute meeting, however, that he was confident that the pen-

sion funds would put up at least the required minimum of 60 per cent. of the shares offered to them and probably more. Lord Plowden was explaining the new venture, which will go ahead if £50m. is put up in appropriate proportions among the groups of institutions by June 16, said: "This is a serious experiment on the part of the private sector to see if there is a financing gap."

"We shall proceed on a pragmatic basis by trial and error. Profitability will be the criterion. One sceptical manager of a large pension fund said that his trustees wanted to know how they should explain the case for going into this venture when the return was less than they would normally expect."

Another queried the justification for Equity Capital as a vehicle with no track record, no management experience, proceeding by trial and error and offering no facility for selling the investment in it.

A third asked: "Should a trust put money into an experiment?"

A range of answers was produced by Lord Plowden and three Board colleagues, all associated with pension funds. Mr. Anthony Stenham, finance director of Unilever, Mr. John Rogers, deputy chairman of Ciba Geigy, and Mr. Alfred Singer, managing director of Nestlé, were also present.

The need for profitable prospects on all investments was emphasised. Among replies made were:

The City would be politically pilloried if it did nothing about what was claimed to be a financing gap. Equity Capital could take a longer-term view of genuinely deserving investments than many individual funds; and

The board would have time to prepare for a more difficult time, say a year ahead from the present "mature market boom," when its investing activities would be more widely needed.

Monopoly ruling against Herbert Morris merger

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

ANY MERGER between crane and hoist maker Herbert Morris and Mr. Teddy Smith's Amalgamated Industrial Group would be against the public interest, the Monopolies Commission says in a report published last night.

AI is already deemed to be in control of Morris because of a near 40 per cent. shareholding and a full big list November.

"In our view there is a serious risk that either merger situation will interfere adversely with the progress of Morris, in the closing of the contribution to the balance of payments, will cause serious friction in relations with trade unions and employees and will make it more difficult for Morris to raise funds from banks and finance houses. We can see no countervailing advantages," the report states.

"We therefore recommend that the contemplated merger should not be permitted and that the existing merger should not be allowed to continue. The commission says that AI and its associates should sell Morris shares in order to bring their holdings down below 10 per cent. of the issued capital."

It also recommends that the selling operation should be supervised by the Director-General of Fair Trading so as to avoid the shares being snapped up by another potential bidder for Morris.

"Obviously the merits of any such situation would be a matter for separate consideration. At this juncture, however, further uncertainty would be undesirable."

This is only the third merger which the Monopolies Commission has pronounced to be against the public interest since

the beginning of 1973. The others were the proposed mergers of Davy International with British Rollmakers and of Boots with House of Fraser.

In its report on the bid for Morris, the Commission points out that the affairs of AI's parent company Brynmor Finance, now called Ramor Investments, are being investigated by the Department of Trade.

"We did not think it fell to us to investigate specific complaints about the conduct of affairs in Brynmor and AI. It is not, however, possible to ignore the widespread distrust of Mr. A. T. Smith and Mr. P. C. Regard which stems from an impression that in their business activities they are interested primarily in making quick financial gains."

The Commission says Morris is a major U.K. producer of cranes and hoists which in recent years has much improved its performance. The Department of Industry regards the future of Morris as important to the U.K. crane industry and to the machine tool industries that use its products.

AI explained to the Commission that it was an industrial holding company which seeks to invest its resources in successful or potentially successful trading companies offering prospects of growth and that it applied its expertise to the building up of trading subsidiaries in the group.

"We find it difficult to relate this description to the past record of AI which appears to have bought and sold subsidiaries with regard mainly to the immediate financial interests of the group," the report adds.

Ford form improves in 3-3 primary draw

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, May 26.

PRESIDENT FORD emerged from yesterday's six Presidential primary elections in better shape than he had anticipated. Jimmy Carter, the Democratic front runner, had another mixed day, losing the psychologically important contest in Oregon to Senator Frank Church, but winning 107 of the 179 delegation places at stake.

As expected, Mr. Ford beat Mr. Ronald Reagan by 52-48 per cent. Although the slight underdog, Mr. Ford also took the primaries in Kentucky (51-47) and Tennessee (50-49), drawing great heart from these results.

Mr. Reagan's three successes were, as forecast, by bigger margins in Nevada (61-39), by 66-29 per cent. in Arkansas by 63-36, and in Idaho by 74-25. The former California governor ended by winning 100 delegates to the President's 76.

Mr. Reagan's delegate successes were fractionally better than he had hoped for, but they do not offset the psychological lift the President received from having shared the six primaries, rather than losing them, as seemed possible, by five to one.

Nor does Mr. Reagan's greater delegate success substantially reduce Mr. Ford's lead in this critical aspect of the race for the nomination. The President now has 784 delegates to his challenger's 640, with 129 so far uncommitted, and 1,130 needed for the nomination.

It therefore looks as though the prize will largely be determined by the results in California, Ohio and New Jersey on June 8, when a total of 331 delegates will be at stake. The 167-strong California delegation went whole to the winner of the preferential poll, in which Mr. Reagan is still heavily favoured.

However, a motion was introduced yesterday into the State Legislature seeking to overturn the winner-take-all aspect

of the primary: if it succeeds then the President's chances of the nomination, for which he remains the slight popular choice, will be immeasurably enhanced.

Next week's trio of primaries in Montana, Rhode Island and South Dakota are insignificant in terms of delegate strength. The President will probably take Rhode Island with ease, but may lose the other two. If he performs creditably there, however, he may pick up useful momentum for the major races a week later.

Mr. Ford has adopted a more presidential style of campaigning in the last few weeks and his advisers will probably be sufficiently encouraged by yesterday's results to recommend that he sticks to this tactic. His biggest help yesterday was probably a Reagan error which affected the tight race in Tennessee: Mr. Reagan had hinted that the Tennessee Valley Authority, the major local utility, might be reconstituted.

Some way to go

On the Democratic side, it is clear that Mr. Carter still has some way to go before winning the nomination. He lost to Senator Church in Oregon 36-28 per cent., with California Governor Jerry Brown, waging only a written campaign, finishing a strong third with 21 per cent.

As expected, he also lost Idaho to Senator Church, his native son, by 60-12 per cent., and Nevada to Governor Brown by 53-23 per cent. But his triumphs in the three border states, even against weak opposition from Governor Wallace and Congressman Udall, were nonetheless conclusive: he took Arkansas with 63 per cent., Kentucky with 58 per cent., and Tennessee with 78 per cent., rolling up a large popular vote in the process.

The delegate game Page 4

THE LEX COLUMN

The trading range under pressure

Index fell 8.5 to 390.5

In common with many of the world's stock markets, share prices in London have moved to the very bottom of a trading range stretching back over several months. Progressive declines through yesterday left the 30-Share Index at its lowest point since late February, and within a couple of points of the base of a 30-point band in which it has been moving since the second week in January. So its performance within the next day or two could be highly significant in terms of bull market psychology.

What the market needs more than anything else is a turn for the better in sterling, and there were no signs of that yesterday. Short-term money market interest rates were still pushing up by the Singer deal, which will cost £15m. at most in instalments.

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France is still losing money at an annual rate of £1.3m. pre-tax, but Eire and Germany have made £1.6m. between them for the half-year while something like £0.9m. can be split fairly evenly between South Africa and Canada. At home concrete tiles have contributed some £21m., against £3.9m. for the whole of last year. And the plastic piping and the foam operations are also ahead. The flat areas are retailing — where selling space is rising by a third this year — and at the deposits which have been added to even more substantially since October. Hence the problem for the share price of 30p, down 5p yesterday. Marley is planning further big additions to its selling capacity next year, but consumer spending is still weak, and by 1977 the housing cycle could be moving less favourably. In this context a fully taxed 1976-77 p/e of nearly 8 is on the high side for the building materials sector, while the yield is just 5.6 per cent.

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